FINANCIAL TIMES
No. 27,442 Thursday December 22 1977 **12p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

NEWS SUMMARY

GENERAL

TUC refuses to back firemen

A serious split in the trade union leadership was exposed yesterday when the TUC general council voted 20-17 against supporting the strike by firemen.

Delegates to the meeting were given a noisy reception when they arrived at Congress House by about 500 protesting members of the Fire Brigades Union. Afterwards, Mr. Len Murray, TUC general secretary, said that the council believed the firemen should make their own decisions on a very good offer. Back Page

Four children, aged between five and 12, died in a fire in their home in Wednesbury, West Midlands. Their mother was taken to hospital in a state of shock.

Mid-East talks

The broad outlines of a comprehensive Middle East peace settlement were discussed at a second meeting between President Anwar Sadat of Egypt and Mr. Ezer Weizman, Israel's Minister of Defence. A member of the Egyptian delegation predicted that the Geneva peace conference would be reconvened in a few weeks.

PM visits Ulster

Mr. James Callaghan, visited Ulster for talks with the security forces and Ministers at the Northern Ireland Office. In spite of strict security, he was allowed to talk to the public in central Belfast Page 8. In Dublin, the High Court reversed an extradition order to the U.K. against Brendan Swords who is wanted in connection with 16 bombings in London. In the appeal hearing, Swords claimed the offences were political.

French accused

Polisario, the Western Saharan guerilla movement, accused France of using Jaguar and Mirage jets in an attack against its forces. The attack allegedly followed a raid by Polisario forces in which 68 Mauritanian soldiers were killed and 18 captured. Page 4

Mafia feared

One of the seven people alleged to have been behind a £163m. fraud sought protection from Mafia killers after he had talked to police, Lambeth magistrates were told. The prosecution claimed that the fraud was based on a company called Metals Research which allegedly had mineral resources in Canada worth £155m.

Student spy claim

The Home Office is being urged to restrict the use of Special Branch undercover agents in universities and colleges. The plea by Labour MP Mr. Norman Buchan arises from the disclosure that a student at Paisley College of Technology was offered tax-free payments by a Special Branch officer to report student political activities.

Briefly . . .

The 35-nation East-West conference in Belgrade recessed until January 17. Page 4

The death toll in the Iranian earthquake rose to 545 with more than 500 injured.

Mr. Stanley Parr, who was sacked from the post of Lancashire's Chief Constable, plans to appeal against his dismissal.

Mr. Justice Rees (70), senior judge in the High Court Family Division retired after 16 years on the Bench.

A gunman held 21 people hostage in a bank on a U.S. base in the Philippines. He demanded a ransom and a helicopter.

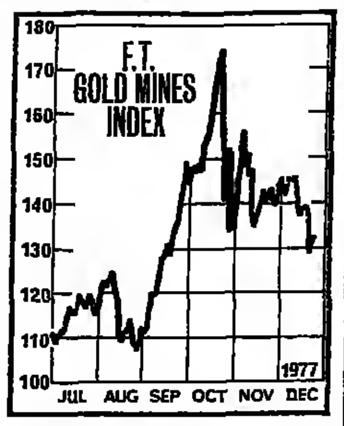
British Airways is providing an additional 34 flights from British airports to cope with demand over Christmas.

Two Germans, arrested after a shooting incident on the Swiss border, have been identified as Christian Moeller and Kabriele Kroecher-Tiedemann, members of the Red Army Faction. Page 4

BUSINESS

Overseas shares attract interest

● GOLD SHARES attracted support, and the Gold Mines index reversed its downward trend to gain 3.1 to 132.9.



EQUITIES centred interest on overseas-based securities, following the Treasury decision on the surrender rule, and the FT index closed 0.4 up at 480.0.

● GILTS closed with only small losses, the Government Securities index falling 0.08 to 77.60.

● STERLING closed 40 points up at $1.8845, its trade-weighted index falling to 64.4 (64.5). The dollar received support from European central banks, and its depreciation remained unchanged at 4.72 per cent.

● GOLD rose $¾ to $160¾.

● WALL STREET rose 7.71 to 813.93 on encouraging news on the energy front.

● BANK of England has repeated last week's signal that short-term interest rates should remain stable until the New Year. The new £800m. long-dated tap stock is expected to be over-subscribed this morning when applications open, with only £15 per cent. payable now.

● EEC Regional Development Fund has allocated a further £12.9m. for U.K. projects, of which the bulk goes to Scotland. Page 7

Japan expects lower surplus

● JAPAN has predicted that it will have a visible trade surplus of $13.5bn. (£7.5bn.) in the year beginning April 1978, below the $18.5bn. surplus forecast for the current fiscal year, but not low enough to please trading partners. Back Page

● MR. WILLIAM STERN, whose property empire crashed in 1974 owing more than £100m., has been ordered to repay a £1.56m. debt to Keyser Ullmann. Back Page

● WEST GERMAN government is to launch a DM540m. rescue operation for the Fokker aerospace group. Back Page

LABOUR

● SWAN HUNTER outfitters have been awarded pay increases of £5.40 by the Central Arbitration Committee, which still leaves the outfitters £2.87 behind the boilermakers, with whom they were seeking parity. Page 9

● CHRYSLER'S Linwood workers have given their support to a 13-point management-union programme to reduce disputes and increase productivity. Page 9

COMPANIES

● SOTHEBY PARKE BERNET reports pre-tax profits ahead of forecast at £4.87m. (£3.35m.) on turnover up from £19.59m. to £24.19m. Page 14

● BOC International pre-tax profit for the final quarter of £21.8m. (£21.42m.) left yearly figure at a record £82.2m. (£73.6m.). Page 15

● HITACHI Group reports a 10 per cent. rise in group sales for the six months to September 30, to Y1,190bn., in spite of export difficulties due to the Yen appreciation. Net income was 3 per cent. ahead at Y36bn. Page 17

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Akroyd and Smithers	227	+ 7
...tuo Inv.	116	+ 4
...ell (A.)	226	+ 6
...elsford (S. and W.)	220	+ 7
...ck (P.)	127	+ 9
...annia Arrow	20½	+ 2½
...edonian Cinemas	240	+ 70
...onial Secs. Dfd.	243	+ 8
...nm Bank Aust.	216	+ 16
... (G.)	156	+ 7
...line Matheson	195	+ 8
...ey External Pfd.	125	+ 5
... and Allen	93	+ 3
...head	202	+ 9
...rthill	167	+ 7
...nan Granger	35	+ 9
...zaars	320	+ 10
...son (R.)	35	+ 3½
...s' Lamp	865	+ 20
Scottish Metropolitan	110	+ 6
Smith Bros.	58	+ 4
Thomson Org.	672	+ 25
Thorn Elect.	380	+ 8
White Child & Beney	84	+ 9
Wilkinson Match	213	+ 11
BP	856	+ 6
"Amcoal"	475	+ 20
Blyvoor	318	+ 18
Cons. Murchison	300	+ 35
De Beers Dfd.	310	+ 11
Deelkraal	85	+ 9
Grootvlei	122	+ 8
Randfontein	£31	+ 1½
Welkom	198	+ 13
Western Mining	105	+ 5

FALLS

Distillers	170	− 3
Lonrho	70	− 7
Spear and Jackson	118	− 34
Union Discount	465	− 10
Cons. Gold Fields	163	− 8

Foreign dealings surrender rule to be abolished

BY MICHAEL BLANDEN

The Government has decided to abolish the 25 per cent. surrender rule on dealings in foreign stocks and shares. The surprise move was widely welcomed in the City yesterday.

However, there were the first signs of a vigorous Left-wing political reaction against the moves. Mr. Ron Thomas, Labour MP for Bristol North West, said the announcement had made him "very angry indeed." He would be writing to Mr. Denis Healey, Chancellor of the Exchequer, protesting at the changes and urging him not to implement them.

The surrender rule, introduced in 1965, requires sellers of foreign currency securities to give up a quarter of their proceeds at the official exchange rate. This provided a direct boost to the official reserves, recently running at around £200m. a year.

It also meant that investors lost 25 per cent. of the investment currency premium on the sale of overseas stocks, and acted as a significant inhibiting factor on switching of their investments.

The change, which takes effect from January 1, was announced as part of a batch of relaxations of exchange controls yesterday. They followed the talks in Brussels this week over the U.K.'s obligations to ease restrictions on capital movements in the EEC.

The new measures include some relaxation in the controls over direct investment in other EEC countries as well as other relatively minor changes in relation to the Community.

The removal of the surrender rule, however, is a global measure applying to all foreign currency securities, and eliminates one of the restrictions which the City has long regarded as a brake on its investment activities.

Mr. Nicholas Goodison, chairman of the Stock Exchange, said the decision would go "a very long way indeed towards restoring London's position as a major capital market in the world."

One of the main talking points in the City was whether as a result stockjobbers would be encouraged to return to the market in South African gold shares.

Editorial comment and A Mining News, Page 15
Fillip for the City, Page 12
Lex, Back Page

Smith Brothers has been the only jobber in this market since the summer of last year, following the withdrawal of others. This followed a sharp drop in activity, after the surrender rule was extended to South Africa and other old overseas sterling area stocks in 1974.

The move was also welcomed by big institutional investors who considered that they would now be able to manage their overseas investment portfolios much more freely.

Last night fund managers were looking forward to increased freedom of operation and an increased level of activity.

Among the jobbers Mr. David LeRoy-Lewis, chairman of Akroyd and Smithers, said the firm was considering a return to the gold share market, while Wedd Durlacher said it would think about it but would first have to weigh up the prospects.

The other measures yesterday included in particular an easing of the controls applied to direct investment under the so-called supercriterion. For investment projects in EEC countries, the amount of official exchange which can be made available is being doubled to £500,000, though up to 50 per cent. of the total cost will continue to be available if this is greater.

At the same time, the period within which such investments are required to produce a balance of payments benefit equal to the original cost is being raised to three years for the EEC, compared with 18 months elsewhere.

The Confederation of British Industry said that the changes were welcome as far as they went, and hoped that they would be one of a "series of steps" in relaxing the exchange controls.

Guy de Jonquieres reports from Brussels: The changes, decided after close consultation with the Treasury, are designed to satisfy provisions in the EEC treaties which require Britain, Denmark and Ireland to align themselves with conditions in the rest of the Community after their five-year transition periods expire at the end of this year.

Continued on Back Page

Carter unveils dollar package

BY DAVID BELL

WASHINGTON, Dec. 21.

PRESIDENT CARTER to-day announced a small package of measures designed to assure critics at home and abroad that he shares their concern about the size of the U.S. trade deficit. He insisted, however, that the dollar remains "fundamentally sound."

Administration officials conceded that many of the measures have been outlined before and that most of them would have little effect until 1979 at the earliest.

They said that the U.S. plans no special intervention in the foreign exchange markets beyond intervention "to the extent necessary to counter disorderly conditions."

To-day's statement by the President was clearly intended to clarify the Administration's position on the dollar and to indicate that it is not following a policy of "benign neglect" as some of its critics have charged but first reactions to the statement were not enthusiastic and there was some concern that the exchange market may have been expecting rather more than emerged.

In his statement, Mr. Carter reiterated the arguments that the Administration has been using to justify its non-intervention in any major or concerted way in the past few weeks. The American economy and the dollar are fundamentally sound. While some exchange rate adjustment has been understandable in light of economic developments in Germany, Japan and the United States, recent exchange market disorders are not justified.

The U.S. would continue to intervene "to the extent necessary to counter disorderly conditions in the exchange markets."

Officials refused to define any closer what they mean by "disorderly conditions," but said that this statement should not be taken as a sign that U.S. intervention policy has changed. Rather, it was intended as a strong clarification of U.S. policy.

Mr. Carter announced two kinds of measures. The first set are intended to stimulate domestic oil production by expanding output from the Elk Hills petroleum reserve in California—from about 120,000 barrels a day now to about 350,000 barrels a day by late 1979—and by expanding the capacity of the Prudhoe Bay pipeline in Alaska beyond its current 1.2m. barrels a day.

The second group of measures ... As previously announced, the Administration is to double credits available for agricultural exports and it is also to quadruple the amount of money available for lending by the U.S. Export-Import Bank

Price freeze as OPEC fails to agree

BY RAY DAFTER AND RICHARD JOHNS

CARACAS, Dec. 21.

OIL PRICES will remain frozen for an indefinite period—almost certainly for six months. The Organisation of Petroleum Exporting Countries conference ended here to-day in stalemate between the five members opposing any rise and those seeking an increase of up to 15 per cent.

A communique issued this afternoon glossed over the sharp differences on this issue. However when Mr. Ali Jaidah, OPEC secretary-general, was asked if any consensus had been achieved, he said: "We agreed to disagree."

It was announced that a Ministerial conference will be held during the first quarter of 1978 to discuss "relative values of different crude oils." This will provide another opportunity to discuss the question of the basic price.

There was no formal agreement among members on a freeze. But with Saudi Arabia, Iran, the United Arab Emirates, Kuwait and Qatar insisting, to varying degrees, on maintaining prices at their 1977 level based on $12.70 for the Arabian light "marker" crude, those who sought a rise—Libya, Iraq, Nigeria and Algeria—will have no choice but to accept stability. Indeed, in practice, the North African producers will have to cut their premium differentials if they are going to maintain their market share over the next few months.

Mr. Jaidah acknowledged that market conditions made it impossible for them to raise prices. He mentioned the increasing supplies from non-OPEC sources, notably the North Sea and Alaska. "We are the supplier of residual crude. Whenever industrial countries cannot get their oil elsewhere, they come to us," he said.

Sheikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, said that the main reason for the continuing price freeze was the 2m. barrels a day oil surplus. Once this surplus has been absorbed, not even the exhortations of the U.S. would prevent oil prices from rising.

OPEC, in its communique, was severely critical of the lack of progress within developed countries towards the establishment of a common fund to help Third World countries.

Reflecting the pressures for higher oil prices, the communique also expressed "great concern" about loss of purchasing power as a result of inflation from imported goods and the depreciation of the dollar against other major currencies. OPEC officials have been charged with drawing up a study and recommending "remedial measures."

Mr. Jaidah said that OPEC's "sacrifice" in maintaining oil prices should be seen as a sign that the conference was prepared to be reasonable. OPEC was willing to play a positive role in helping the developed countries to recover economically. But the organisation wanted to see a response to the need for a common fund.

The conference ended in an orderly manner without an open rupture or walkout by any of the hawks. Earlier to-day, Mr. Izzedin Mabruk, chief Libyan delegate, had warned of a "split as we had in Doha."

He accused the big conservative oil powers, meaning Saudi Arabia and Iran, of imposing their will for political reasons and thus violating OPEC's charter.

£ in New York

	December 21	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

FEATURES

$ Premium and the 25 per cent. surrender rule 12
Economic viewpoint: Euro-currency 13
Business and the courts 2
Winter sports 2
Belgrade Security Conference 4
Citizenship rights in the Bahamas 16
Rhodesia's internal settlement talks 6

ON OTHER PAGES

Appointments; Appointments Advts.; Arts; Business Opps.; Company News; Crossword; Economic Indicators; Entertainment Guide; European Options; Farming and Raw Materials; Foreign Exchanges; FT-Actuaries Indices; Home News; Intl. News; Intl. Company News; Labour News; Leading Articles; Letters; Lex; Lombard; Marketing Page; Men and Matters; Mining News; Money Market; Overseas News; Parliament; Share Information; Stock Exch. Report; The Technical Page; To-day's Events; TV and Radio; Unit Trusts; Weather; World Trade News; Base Lending Rates
INTERIM STATEMENT: Brewer Trust
ANNUAL STATEMENTS: British Oxygen; C.L.R.P.; Anglo Amer. Corp.; Welco Holdings

For latest Share Index 'phone 01-246 8026

Distillers stops U.K. sale of Red Label whisky

BY DAVID BUCHAN IN BRUSSELS AND KENNETH GOODING IN LONDON

DISTILLERS Company is withdrawing from the U.K. market Johnnie Walker Red Label, the world's best-selling brand of Scotch whisky. It will make an immediate application to increase the prices of some other brands by up to 50p a bottle.

This following a ruling by the European Commission that Distillers' dual price system, under which U.K. wholesalers pay more for their Scotch if they intend to export it, was unlawful and should stop immediately.

Withdraw

The Commission clearly expected Distillers to react by cutting the price of its Scotch whisky brands in European markets.

Instead, Distillers said it would:

1—Immediately withdraw from sale in the U.K. Johnnie Walker Red Label. This is the brand most in demand by the unofficial, or "parallel," exporters. This would leave Distillers as the only exporter of the brand and thus protect its sole agents on the Continent from price-cutting.

2—Leave Haig, Distillers' best-selling brand in Britain but not so much in demand overseas, at its current price.

3—Make application to the Price Commission for permission to increase prices of its other leading brands—which include Black and White, Dewar's, White Horse and Vat 69—by up to £6 a case.

It is not a foregone conclusion that the Price Commission will permit the increases to go ahead, although Distillers would argue that one alternative would be to reduce the export price and cut its contribution to the trade balance. In the last financial year the group's exports earned £220m. in foreign currency.

Last night the Prices Commission said: "Distillers will have to meet the normal rules."

Distillers said that if consent were not obtained for the proposed price increases, the overwhelming need to protect the group's exports would force it to withdraw further brands from sale in the U.K.

Week or more

"Success in export markets requires substantial investment in promotional activity. The cost of that activity must be reflected in the price," the company said.

"We are convinced, therefore, that in the long run, to permit the free flow of parallel exports by U.K. wholesalers buying at the current low U.K. price, would put at risk the whole of our valuable export business, not only in the EEC but throughout the world."

It will probably take a week or more for Distillers to get the full text of the EEC Commission's decision. Then, the company's lawyers will see whether there should be an appeal to the Court of Justice at Luxembourg. If there is an appeal the process could take a year or more.

Stock market reaction to the moves last night was to mark down Distillers' share price 3p to 170p.

Mr. Ian McBean, analyst with Wood Mackenzie, stockbrokers, suggested that Distillers would see its U.K. market share continue to shrink but that its total loss of profit would be somewhere between £5m. and £10m. compared with the total £130.35m. before tax in the last financial year.

Yesterday's decision does not prevent Distillers continuing its own agent network on the Continent. It insists, however, that parallel sales from U.K. wholesalers to European markets must be able to compete on the same price terms.

Conceded

The Commission partly conceded some of Distillers' argument that whisky and other cereal-based alcoholic drinks are taxed unfairly in some EEC countries compared with rival drinks.

It is investigating discriminatory taxation in France, Italy and Denmark and will bring court actions against these countries if discrimination is proved.

Lex, Back Page

U.S. steel group move for voting control of Wilkinson Match

BY KEITH LEWIS

VOTING CONTROL of Wilkinson Match could pass to Allegheny Ludlum Industries, the U.S. specialist steels group, if shareholders give their approval to a proposal for Wilkinson to acquire a wholly-owned subsidiary of Allegheny in exchange for shares.

The scheme follows Monday's announcement that Swedish Match had sold its 29 per cent. stake in Wilkinson Match to Allegheny for close to £17m., or 260p a share.

The deal—shareholders will be given a chance to vote some time in February, after the details have been released—will mean that control will pass to the U.S. group without a full bid having been made. This has been cleared by the City Takeover Panel.

Allegheny has already said it does not intend to make a full bid for Wilkinson Match and will not be voting at the February meeting despite its 29 per cent. shareholding.

However, aside from its own holdings, it is understood that directors and family interests, plus a 3.9 per cent. stake retained by Swedish Match, will vote in favour of the proposal.

A further disposal announced yesterday by Swedish Match brings to nearly £34m. cash the total value of sales this week. But Mr. Gunnar Dahlsten, managing director, said the sales were "in no way" needed to improve liquidity. Page 16.

Overall, these holdings amount to around 13 per cent. of the Wilkinson Match equity, but around 18 per cent. of the shares to be voted on the day.

Institutions account for approximately 30 per cent. of Wilkinson share capital.

The price paid for the 29 per cent. block, at 260p, compares with last night's closing price of 213p, up 11p.

The Allegheny subsidiary involved is True Temper, a hardware group. Financial details are not available, though Wilkinson Match has commissioned a "major international firm of accountants" to investigate the company before the final price is fixed. At the moment the Wilkinson Board has agreed to the transaction in principle only.

Mr. Christopher Lewinton the group managing director of Wilkinson said yesterday that the deal would give the company access to the U.S. capital markets and also to the market for garden tools. He added that the acquisition would result in improved profitability and earnings per share.

Financial backing for this expansion will be provided by Allegheny, which sees the move as an opportunity to gain control of a major quoted U.K. company with a strong brand name.

Lex Back Page

LOMBARD

Institutional illusions

BY ANTHONY HARRIS

A SPEAKER on the BBC was recently introduced to listeners as "an ex-contestant in Brain of Britain." Just that, and nothing more. It was a pretty demonstration of how easy it is for a bureaucratic institution to fall into the habit of thinking that the real world exists only inside the institution, and that untidy facts and people outside only acquire existence when they fill in the necessary forms or participate in something official. The rest of the time they are either non-existent; or a positive nuisance.

When the officials concerned are managing economic affairs, matters get worse. Economists have unfortunately developed an obsession with numbers which leads to a general economic rule that what cannot be measured does not exist, and an occasional bureaucratic rule that what cannot be measured must be forbidden. It used not to be so in the distant days when I read economics at Cambridge: at that time, the idea of measuring most of the relationships we were interested in was thought a rather cloddish joke, and the subject matter was much richer as a result. Since then, however, so-called "positive" economics has swept through the profession like a malignant epidemic, and infected the body politic.

Direct

The great historic example of what I mean was Competition and Credit Control. In spite of the rhetoric about efficient financial markets—and surely encouraging a cartel of four to bid for the greatest possible share of the financial business is an odd way to encourage competition—the real motive of the Bank of England was, I am convinced, a bad attack of statistical nerves. Under direct lending controls, a host of rather efficient specialised credit markets had grown up, enabling industrialists, local authorities and others to lend to each other direct. What worried the Bank so much was that nobody *knew how much was involved*. What could not be measured must be discouraged—even though, as Lord Barber admitted in these pages recently, the result was that nobody knew what the money supply figures meant for more than a year afterwards.

The disasters which followed that little incident have led to precisely the opposite phobia: nothing must be done to alter the structure of the credit market for fear of distorting the money supply figures, however sensible it maybe.

This new phobia is nicely displayed in the interim report of the Wilson Committee. In a discussion of the clearing banks, it is pointed out that they are going in for a good deal of declared medium-term lending, and a good deal more than is disguised as short-term overdraft finance, but routinely rolled over. Lending for years on deposits which can vanish in weeks is vertiginous banking, and Greenwells—who else?—proposed that it might be a good idea for the banks to issue floating-rate bonds to finance this lending. The banks showed keen interest.

Normal

The Treasury, however, was full of doubts. The new bonds would take the place of liabilities which are now part of the money supply, so the change would put a kink in the sacred chart of M3. The difficulties, Sir Harold was given to understand, would be forbidding. In other words, a move towards sounder banking was to be discouraged for the sake of the numbers, and for no other declared reason. (It may be, of course, that the Treasury is not anxious to see a large new competitor in the still largely untried market for floaters, which has recently been opened to the local authorities to stop them grumbling about being asked to pull the Treasury's monetary chestnuts out of the fire by borrowing long; but these family matters are not to be mentioned in front of Sir Harold, of course.)

Finally, a grim case of child infection. I recently had the pleasure of meeting a number of young civil servants on a course, and reading some of their papers. One drew attention to the statistical quirk which figured in our unemployment report for December: Government training and job protection schemes have the incidental effect of depressing the statistics for productivity. This young man had learned to lisp in numbers to such effect that he drew the conclusion that job creation and training should be stopped forthwith, and could not be persuaded that the effect was statistical—it would vanish if someone could invent a new class for recording trainees and preserved jobs—and not real. For him productivity is not something measured, rather inaccurately, by the numbers: it is the numbers. And if I am ever invited again to help in educating our masters, I look forward to being introduced as "a recent participant in one of our industrial courses." Normal existence will be resumed when officially permitted.

BUSINESS AND THE COURTS

Gold and silver

By A. H. HERMANN, Legal Correspondent

SILVER, GOLD and family home are seasonable subjects and to show that we do feel very much a part of the European Community, one should also add fish which will be the main dish of the Christmas Eve feast of many families on the Continent. The courts have obliged by providing suitable material. Indeed, one of the last decisions taken by the Court of Appeal concerned some 40 tons of old sixpenny silver pieces exported for smelting to Germany in exchange for gold Krugerands. One should have said it was not a bad exchange from any point of view but Mr. Thompson* and others—the British party to the exchange—were convicted in a lower court of fraudulently evading the prohibition on the exportation of silver alloy coins and on the importation of gold coins.

They appealed, claiming that EEC law prohibits restrictions on imports and exports, except when justified on the grounds of public policy, morality, security, health or some other such considerations.

Economic considerations are not among those listed, and the Court of Appeal has decided to ask the European Court whether one should include "economic considerations" under the heading of "public policy." The court also asked whether the coins were to be viewed as "capital" within the meaning of Articles 6 to 73, which require member States to free capital movements, but also provide many escape clauses for not doing so.

* * *

FAMILY MATTERS have precedence over business for most people, at least during the Christmas season and the Court of Appeal is no exception, though the case in which it came to light is certainly not a merry one. The three appeal judges agreed that a lower court judge was wrong in refusing an order Mr. Herbert Leslie Walker† to leave his matrimonial home in Richmond and in thinking that it was enough to continue an earlier order restraining him from assaulting or molesting his wife. Mr. Walker's defence was that his health was poor and that the house was also his office. If he was turned out of the house, it would lead to bankruptcy, he claimed. On the other hand there was evidence of serious friction not only between the husband and wife but also between the couple (particularly the husband) and their three children aged 18, 15 and 13.

Giving his judgment, Lord Justice Ormond said that the Court must decide what was fair, just and reasonable. Life was impossible in the matrimonial home and there was the added difficulty of the children, said Lord Justice Lane. Blame was irrelevant. Children were the main factor in deciding who must go. The wife had their custody and looked after them—therefore the husband must leave.

* * *

NORTH - ATLANTIC fishing grounds provide more than one bone of contention between Ireland and the EEC Commission supported by the Netherlands. Two cases concerning the restriction of fishing within what Ireland considers to be her exclusive fishery limits are now pending before the European Court. The effort to settle these disputes at a political level, in the Council of Ministers has not yet been successful. Another attempt will be made in a "marathon" session on January 16, when member States will be invited to prove their rights by the ability of their representatives to keep awake longest. Compared with that even litigation is to appear to be a more civilised method.

The first‡ of the two Irish Fisheries cases was brought before the Court by the EEC Commission, in association with the Dutch Government. They asked the Court to declare that by introducing the disputed unilateral measures the Government of Ireland has failed its Treaty obligations. After postponing a decision several times the Court made an interim order on July 13, 1977 requiring Ireland to suspend the disputed measures until a judgment was given.

The other case§, which started later but is at about the same stage of processing as the first, is a reference from the District Court of Cork City before which 10 masters of Dutch trawlers were prosecuted for having entered the prohibited fishing grounds. The Irish judge is asking the European Court to say whether the Irish fisheries' orders are compatible with the Treaty of Accession, and whether the conviction of the Dutch masters would be compatible with EEC law. It is the same question, differently put, as that facing the Court in the first case.

Ireland's main argument is that the European Court has already decided (in the *Kramer* case Nos. 3, 4 and 6/76) that as long as the Community does not agree on a common structural policy for the fishing industry, "a member State does not jeopardise the objectives of the system . . . if it adopts measures involving the limitation of fishing activities with a view of conserving the resources of the sea."

The Commission's main counter argument—and that of the Dutch Government—is that the Irish measures are covertly discriminating against fishermen of other nationalities. These measures bar the entry to the Irish part of the 200 miles Community zone to trawlers with a registered length of over 33 metres and 1,100 h.h.p. The Commission states that while out of 1,100 Irish trawlers normally operating in the prohibited zone only one is of this size. However a quarter of the 407 French trawlers and all the 57 Dutch trawlers normally fishing in this zone, are above the maximum size allowed by the Irish. Consequently, the Commission concludes, under the pretence of conservation Ireland is discriminating heavily against French and Dutch fishermen.

On the other hand it is possible to argue that discrimination against bigger vessels inevitably hits those who need them to cover greater distances to the fishing grounds. Similarly measures aimed against big corporations, their conduct and mergers, are likely to have their greatest impact in countries such as Britain where industry is relatively more concentrated.

* *Regina v Thomson and Others*, TLR, December 19, 1977.

† *Walker v Walker*, TLR, December 18, 1977.

‡ *EEC Commission v Ireland*, Case No. 61/77.

§ *The Minister for Fisheries v C. A. Schonenberg et al*, Case No. 88/77.

Swiss collection expected to make £6m. at Sotheby

SALEROOM

BY ANTONY THORNCROFT

THE MOST valuable collection of works of art to appear in a London saleroom this century will come under the hammer at Sotheby's next June. It was formed by Robert von Hirsch, a renowned figure in Swiss cultural life, and consists of Old Master and Impressionist and later paintings and drawings, medieval and Rennaissance works of art and bronzes, and 18th-century, and earlier, furniture and ceramics.

The von Hirsch collection will be sold over 10 days and is expected to bring in more than the dispersal of the contents of Mentmore Towers by Sotheby's last June, which totalled around £6.3m.

The paintings will include works by El Greco, Guardi, Rubens, Tintoretto, di Paolo, Cezanne, Van Gogh, Matisse, Renoir and Lautrec. There are important drawings from Raphael, Durer, Veronese, Rembrandt, Cezanne, Van Gogh, Degas and Seurat, as well as some impressive bronzes from the late 13th century to modern times.

Robert von Hirsch built up a fortune from the family leather processing works. He was born in Frankfurt in 1883 and left Germany to settle in Basle when the Nazis came to power, giving Goering a painting, by Cranach, to secure his freedom and the retention of his collection. The Cranach was returned to von Hirsch after the war and is now in the Basle museum. Von Hirsch married Martha Dreyfus-Koch late in life, and she was responsible for collecting the 20th-century paintings.

The three leading London salerooms, Sotheby's Christie's and Phillip's, yesterday announced their results for the autumn season, and all managed impressive gains.

Sotheby Parke Bernet, the largest fine art auctioneers in the world, increased net sales by 20.7 per cent. in the first four months of their financial year, September-December, to £51.9m. from £43m. in autumn 1976.

Christie's achieved an impressive 38.5 per cent. jump to £29.4m. in October to December, and Phillips, which remains open all year, reports that its 1977 turnover was £23,129,379, a 28 per cent. gain on 1976.

The main ingredient in the good autumn figures from Sotheby's was the success of its U.S. operations which managed sales of $44m., a 62 per cent. improvement on autumn 1976. There was comparatively little change in Sotheby's other centres, principally London, which in Bond Street and Chancery added just £300,000, to £15,955,000. The saleroom in Belgravia did better, pushing turnover by around £800,000 to £2,685,000.

Christie's also owes most of its expansion to overseas operations, in particular the opening of its New York saleroom which this autumn has held 37 sales for a total of almost $8m. Sotheby's 4th other London auction house, in South Kensington, has also done well, growing 66 per cent. to £3,140,000. But London's dominance is not so striking. Mr. John F... chairman of Christie's, pointed out that 40 per cent. of the London turnover of £16.3m. this autumn has come from works of art sent for sale by foreign collectors.

Phillips, too, is now getting turnover from New York, growth in London has been marked in such specialist areas as art nouveau, where turnover has doubled. Jewels are up 80 per cent., and stamps 50 per cent. higher.

As always at the end of the year Phillips has asked specialists for their views on which works of art are the best hedge against inflation. This year the popular choice is jewels. This year jewels took second place to good quality furniture, especially Edwardian, early oak, and good reproduction furniture.

A £480 BICYCLE FOR TWO. Mr. Peter Hoyte, of Millbridge, Surrey, and his wife try out the bicycle which cost them £480 at Sotheby's Belgravia yesterday.

The bicycle was built for the Queen as the British cycle industry's Jubilee tribute. It was sold on behalf of the Silver Jubilee Fund.

Mr. Hoyte, a member of the Southern Veterans' Cycle Club, has a private cycle museum.

The cycle was auctioned during a collectors' sale which made a total of £51,561. Top price was £3,000 for a music piggy automaton, French about 1860.

A model roadway display hand built around 1947, was bought for £1,500 and Mickey Mouse tinplate clockwork organ grinder sold for £1,000.

Skis short and sweet

WINTER SPORTS

BY ARTHUR SANDLES

A COUPLE of minutes in a lift queue a few days ago made me realise how things have changed over the past five years. In a pretty mixed bag of skiers there was scarcely anyone with skis more than 200 cms. long, and most were considerably shorter. My own 185s, a pair of floppy old Kastles which are really only happy when there's a few inches of new snow around, were almost embarrassingly lengthy—especially for the way I ski.

The lesson was driven home when a continental doing winter casual work in a London ski shop saw me eyeing some Rossignol Roc Comps. There was the hint of a smile on his face as he, very politely, warned: "95 per cent. of English skiers are bad intermediate skiers, and always will be bad intermediate skiers."

The switch to shorter skis (as opposed to short skis) is now pretty well complete. With it has come a trend towards broad performance equipment — the Fords of the ski slopes. My shop assistant may not have been entirely correct but certainly the average British skier needs a great deal of self-justification to step outside the now excellent range of compact skis designed for relatively easy turning, medium speeds and a wide range of snow conditions.

Judging from the range of high performance equipment on sale in many ski shops at the moment there must be an awful lot of skiers with very grand ideas about how well they can ski.

Compact skis are designed specifically to be compact. You will not get the same performance from ordinary skis which you have bought in a shorter length simply because that is the trendy thing to do. Don't buy short versions of such jet-set equipment as Dynastar Omeglass or Kastle XII Grand Prix and expect to become Franz Klammer overnight. These skis are fine if you are aiming to make the British squad, but for the rest of us mere mortals Rossignol Saltos, K2 Sprints or Head Dreams would more than suffice.

Skis, and bindings, seem to have become horrifyingly expensive (reckon on a median of £65-£85 for the skis, £30-£50 for bindings) while boots, however, appear to have benefited from the age of plastics and mass production. You can get a very acceptable pair of boots for £45 which will last you for years on the usual British two-weeks-a-year basis. Flo-fit is now the norm, a sort of jelly sack which moulds itself around your foot. It is supremely comfortable and, thank heavens, has meant the end of those dreadful early season blisters and squeezed toes.

It is now two weeks since my first excursion onto the slopes for this winter and since my most spectacular fall ever. The bruises on my back are fading fast but my arm still gives occasional pain. It was an object lesson—less pasta, less vino, more sleep, more pre-ski training and much less early season ambition about speed.

There's too much snow left to enjoy.

SNOW REPORTS

	Depth (ins.)		State of piste
AUSTRIA			
Alphach	0	10	Poor
Brand	0	16	Poor
Igls	0	8	Poor
Ischgl	8	20	Fair
Kitzbuhel	2	12	Poor
Lienz	4	16	Fair
Mayrhofen	0	10	Poor
St. Anton	4	32	Fair
Seefeld	4	16	Poor
Serfaus	6	12	Poor
ITALY			
Bormio	4	32	Fair
Cervinia	24	80	Good
Cortina	8	10	Good
Courmayeur	20	40	Fair
Macugnaga	8	64	Good
Sestriere	20	40	Good
FRANCE			
Chamonix	2	120	Hard
La Plagne	24	34	Good
Megeve	14	36	Hard
Val D'Isere	14	30	Good
GERMANY			
Garmisch	0	8	Poor
Ober'mm'rgau	0	2	Poor
SWITZERLAND			
Adelbodan	4	16	Hard
Champery	4	20	Hard
Davos	6	20	Fair
Flims	4	16	Hard
Kandersteg	2	8	Poor
Les Diablrets	6	28	Good
Murren	8	16	Hard
Saas Fee	16	48	Good
St. Moritz	10	16	Good
Verbier	10	32	Good
NORWAY			
Norefjell	24	28	Good
Oslo	8	16	Fair
Voss	4	12	Poor

Labour has crucial role—MP

A LABOUR Government must retain power to deal with the crucial issues of pay policy and the benefits of North Sea oil, Mr. John Grant, Parliament Secretary at the Department of Employment, said yesterday.

Decisions would be necessary to enable the country to build the foundations of more permanent prosperity and get rid of the scourge of large-scale unemployment, he said at his Central Islington constituency.

"Certainly the benefits of North Sea oil must not be squandered, and while a fair return on investment is clearly necessary, no one can trust Mrs. Thatcher and the Tory Party that made Rachmanism a household word, not to allow a North Sea rip-off for the speculators if given half a chance."

The Tories were now more deeply divided than at any time in the post-war period on pay, on industrial relations and on the overall approach needed to ensure Britain's economic future.

The Liberals were displaying massive political masochism and the challenge of the nationalist parties was looking increasingly tarnished.

Councils want to replace film censors Board

THE BRITISH Board of Film Censors should be replaced by a panel of representatives from local authorities, the film industry, and critics, says the Association of Metropolitan Authorities.

It suggests that a statutory British Institute of Film Standards should take over from the voluntary Board.

The association, to which local authorities belong, feels that films should neither encourage nor condone violence, incite racial hatred, and should avoid "extreme depravity."

TV/Radio

†Indicates programme in black and white

BBC 1

9.45 a.m. The Wombles. 9.50 Jackanory. 10.05 Georgie to the Rescue. 10.15 Kim & Co. †10.40 Flash Gordon Conquers the Universe. 11.00 Elvis in "Fun in Acapulco." 12.35 p.m. On the Move. 12.45 Midday News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.00 "Wonder Man": Film with Danny Kaye. 3.35 The Pink Panther. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Lippy Lion. 4.25 Jackanory. 4.40 Charlie Brown. 5.05 Blue Peter. 5.35 Ivor the Engine.

5.40 Evening News (London and South-East only).

5.55 Nationwide.
6.20 Christmas with Nationwide.
6.55 Now You See It, Now You Don't.
7.20 Top of the Pops.
8.00 Citizen Smith.
8.30 Skyes with Eric Sykes and Hattie Jacques.
9.00 Nine O'clock News.
9.25 The Big Time.
10.20 Here We Come A-wassailing.
11.10 Tonight.
11.50 Weather/Regional News.

All Regions as BBC-1 except at the following times:

Wales—4.40-5.05 p.m. Bilidowcar. 5.55 Wales today. 6.55 Heddiw. 11.50 p.m. News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.51 News and Weather for Scotland. 11.53-12.18 a.m. Bonn Comhraidh.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55 Scene Around Six. 11.10 Last of the Summer Wine. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 a.m. Play School.
6.35 p.m. Your Move.
7.00 News on 2.
7.10 "An American in Paris" starring Gene Kelley.
9.00 The Goodies.
9.30 Count Dracula by Gerald Savory with Louis Jourdan and Frank Finlay.
10.40 Late News on 2.

LONDON

9.30 a.m. Documentary: "The Voice in the Fingers". †10.20 Hopalong Cassidy in "Forty Thieves." 11.20 Cartoon Time. 11.35 The Splendour Falls. 12.00 Animal Kwackers. 12.10 p.m. Hickory House. 12.30 Seal Pup. 1.00 News at One. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Hunters Walk. 3.20 The Squirrels. 3.50 The Cedar Tree. 4.20 The Six Million Dollar Man: "A Bionic Christmas Carol." 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Film: James Stewart, Peter Finch and Richard Attenborough in "The Flight of the Phoenix."
9.30 This Week.
10.00 News at Ten.
10.30 Time for Business.
11.30 The Andy Williams Show.
12.00 What the Papers Say.
12.15 a.m. Christmas Pie.

All ITV regions as London except at the following times:

ANGLIA

9.25 a.m. Frosty the Snowman. 9.50 Lookout. 10.15 Electric Theatre Show. 10.40 Digging for Yesterday. 11.05 Pollination. 11.35 Boss's Rock. 12.30 p.m. And is it True. 1.25 Anglia News. 2.00 Women Only. 4.20 The White Stone. 4.50 The Secret Lives of Waldo Kitty. 5.15 A Christmas Two-Step. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 8.30 Rising Damp. 9.00 Gallon and Simpson Playhouse. 10.30 Police Woman. 11.30 Fireside Theatre. 12.30 a.m. Christmas Carol.

ATV

10.15 a.m. Untamed Frontiers. 10.40 Nobody's House. 11.05 Puzzle Party. 11.30 Jam. 11.55 The Adventures of Parsley. 12.30 p.m. And is it True? 1.20 ATV Newsdesk. 3.20 The Electric Theatre Show. 4.20 Frosty the Snowman. 4.45 Solo One. 5.15 Happy Days. 6.00 ATV To-day. 7.00 Sayonara with Marlon Brando. 10.30 Police Woman. 11.30 Master Golf.

BORDER

9.50 a.m. Lookout. 10.15 Puzzle Party. 10.40 Digging for Yesterday. 11.05 Pollination. 11.35 Boss's Back. 12.30 p.m. Christmas Special. †1.20 Border News. 4.20 Rudolph the Red Nosed Reindeer. 5.15 The Flintstones. 6.00 Border News and Lookaround. 7.00 The Six Million Dollar Man. 8.00 Film: "Cheaper by The Dozen." 10.00 News and Border Weather. 10.30 Police Woman. 11.30 Electric Theatre Show. †11.55 Border News and Weather.

CHANNEL

1.18 p.m. Channel Lunch-time News, What's On Where. 4.20 Little House on the Prairie. 6.00 Channel News. 6.10 Fantastic Voyage. 7.00 Cartoontime. 7.10 Six Million Dollar Man. 8.30 Celebrity Concert. 10.28 Channel Late News. 10.32 Les Bicyclettes de Belsize. 11.00 Gibbsville: Chautauqua. 12.00 News and Weather in French.

GRAMPIAN

9.45 a.m. First Thing. 9.50 Look Out. †10.15 The Electric Theatre Show. 10.40 Digging for Yesterday. 11.05 Pollination. 11.35 Boss's Back. 12.30 p.m. And Is It True? 1.20 Grampian News. 4.20 The Little House on the Prairie. 6.00 Grampian To-day. 7.00 The Six Million Dollar Man. †8.00 Thursday Film: "Cheaper by the Dozen." †10.30 Sportscall. 11.10 Backs to the Land. 11.40 Reflections.

GRANADA

†9.30 a.m. Dennis the Menace. 9.55 The Woody Woodpecker Show. 10.15 Untamed World. †10.40 Holiday Matinee. 12.30 p.m. And is it True? 1.20 This Is Your Right. 3.20 The Galloping Gourmet. 4.20 Rudolph the Red-Nosed Reindeer. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Six Million Dollar Man. †8.00 The Happiest Days of Your Life. 10.30 A Prime Minister on Prime Ministers. 11.00 What the Papers Say. 11.20 Late Night Mystery.

HTV

9.50 a.m. Lookout. 10.15 The Electric Theatre Show. 10.40 Digging for Yesterday. 11.05 Pollination! 11.35 Boss's Back. 12.30 p.m. And Is It True? 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Little House on the Prairie. 5.15 Breaktime 5. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Practice. 7.00 Mr. and Mrs. 7.30 Oh No It's Selwyn Froggitt. 8.00 Charlie's Angels. 9.00 Sweet and Stately. 10.00 News followed by Report West Headlines. 10.35 Gallery. †11.05 Late Film: "The Bachelor Party."

HTV Wales—As HTV General except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.30 Miri Mawr. 4.30-4.45 Weithebion. 4.45-5.15 Magic Circle. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena. 10.00 News followed by Report Wales Headlines. 10.35-11.05 Image '77.

HTV West—As HTV General except: 1.20-1.30 p.m. Report West Headlines. 6.15 Sport West.

SCOTTISH

9.50 a.m. Lookout. 10.15 The Electric Theatre Show. 10.40 Digging for Yesterday. 11.05 Pollination. 11.35 Boss's Back. 12.30 p.m. And Is It True? 1.25 News, Road and Weather. 2.00 Women Only. 4.20 The Little House on the Prairie. 5.15 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Carnock Way. 7.00 Film: "Alexander the Great." 10.30 Christmas Carol Concert from the Usher Hall, Edinburgh. 11.15 Late Call: Isabel Benn-Shaw. 11.20 TV Movie: "Della," starring Joan Crawford.

SOUTHERN

9.35 a.m. Sean the Leprechaun. 9.50 Lookout. 10.15 The Electric Theatre Show. 10.40 Digging for Yesterday. 11.05 Pollination. 11.35 Boss's Back. 12.30 p.m. And Is It True? 1.20 Southern News. 2.00 Women Only. 4.20 Little House on the Prairie. 5.15 Curious Puppy. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 The Six Million Dollar Man. 8.00 Carry On Matron. 10.30 Baretta. 11.30 Southern News Extra. 11.40 Music at Harewood. 12.10 a.m. Here Comes the Future. 12.35 Weather followed by Festival.

TYNE TEES

9.25 a.m. North East News Headlines followed by Starting Point. 9.30 Donald of The Colours. 10.15 The Electric Theatre Show. 10.40 Digging for Yesterday. 11.05 Pollination. 11.35 Boss's Back. 12.30 p.m. And Is It True? 1.20 North East News and Lookaround. 2.00 Women Only. 3.20 The Mary Tyler Moore Show. 4.20 The Little House on The Prairie. 5.15 The Brady Bunch. 6.00 Northern Life. 10.30 What Fettle. 11.00 The Norlites Tapes. 12.30 a.m. Epilogue.

ULSTER

9.50 a.m. Look Out. 10.15 Electric Theatre Show. 10.40 Digging For Yesterday. 11.05 Pollination. 11.35 Boss's Back. 12.30 p.m. And Is It True? 1.20 Lunchtime. 4.18 Ulster News Headlines. 4.20 Big Blue Marble. 4.45 Little House on The Prairie. 6.00 Ulster News. 6.05 Crossroads. 6.30 Reports. 7.00 Six Million Dollar Man. 8.00 Thursday Film: "Cheaper By The Dozen." 10.30 Phyllis. 11.00 What's It All About? 11.30 Sportscast '77 followed by Bedtime.

WESTWARD

9.40 a.m. The Story of the Carol. 9.50 Lookout. 10.15 The Electric Theatre Show. 10.40 Digging for Yesterday. 11.05 Pollination. 11.35 Boss's Back. 12.27 p.m. Gus Honeybun's Birthdays. 12.30 And Is It True? 1.20 Westward News Headlines. 4.20 Little House on the Prairie. 6.00 Westward Diary. 7.00 Cartoontime. 7.10 Six Million Dollar Man. 8.30 Celebrity Concert. 10.28 Westward Late News. 10.30 Westward Report. 11.00 Gibbsville: Chautauqua. 11.55 Bless This House. 12.25 a.m. The Story of the Carol.

YORKSHIRE

9.30 a.m. A Big Country. 10.00 Cartoon Time. 10.15 The Tiny Tree. 10.40 The Legend of the Christmas Messenger. 11.05 The Invaders. 11.55 Dodo the Space Kid. 12.30 p.m. And Is It True? 1.20 Calendar News. 3.20 Looks Familiar. 4.20 A Christmas Two-Step. 4.25 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 A Prime Minister on Prime Ministers. 11.00 Space 1999. 12.00 The Practice.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates including The Golden Hour and Meet Your Match. 11.31 Paul Burnett including 12.30 Newsbeat. 2.00 p.m. Kid Jensen including National Pop Panel. 4.31 It's D.L.T. OK! including 5.30 Newsbeat. 7.00 The Movie Musical (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) with The Early Show, including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.45 Pause for Thought. 9.02 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 2.02 p.m. David Hamilton (S). 4.30 Waggoners' Walk. 4.45 John Dunn (S) Words and music. 6.55 Sports Desk. 7.02 The Movie Musical: My Fair Lady (part 1). 7.30 Nat Whitworth and the New Million Airs (S) in Band Parade. 8.30 David Allan's Christmas Country Club (S). 10.02 Folkweave. 11.02 Sheila Tracy with The Late Show. 12.00-12.05 a.m. Midnight Newsroom.

RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Overture: Vranicky, Zelenka (S). 8.00 News. 8.05 Morning Concert: Schubert, Haydn, Beethoven (S). 9.00 News. 9.05 This Week's Composer: Mozart (S). 10.00 Holiday Special: Fanfare (S). 10.20 BBC Concert Orchestra: Smetana, Borodin, arr. Sargent, Coates, Chaikovsky, Warlock, Walton (S). 11.20 Andre Tchaikovsky Piano recital (part 1): Chopin, Debussy, Chopin (S). 11.18 p.m. Words . . . by Roy Fisher. 12.15 Andre Tchaikovsky (part 2): Chopin and Debussy (S). 1.00 News. 1.05 Janacek and Bartok (S). 2.00 Penelope. Lyric poem in three acts by Rene Fauchois, music by Faure. Act 1 (S). 3.00 Interval Reading. 3.05 Penelope (Act 2). 3.35 Interval Reading. 3.40 Penelope (Act 3). 4.20 Bowes Museum: Early keyboard music (S). 5.05 Horn and Piano: Franz Strauss, Gezzmer, Beethoven (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: The Wider World. 7.30 Charpentier's Te Deum and Orff's Carmina Burana (part 1) Charpentier (S). 8.00 Shakespeare and Baroque Art. Talk by Nicholas Brooke. 8.20 Concert (part 2) Orff (S). 9.30 Drama Now "The Restorer," by Christopher Whelen (S). 11.00 Henze's Fifth String Quartet (S). 11.35 News.

RADIO 4

434m, 330m, 285m and VHF

† Medium wave only

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the hour including News, Weather, Papers, Sport and Prayer for the day. 6.52 VHF Regional News. 7.00 News. 7.10 Today. 7.35 Up to the hour (continued) including Thought for the day. 7.52 VHF Regional News. 8.00 News. 8.10 Today. 8.45 Yesterday in Parliament. 9.00 News. 9.05 These you have loved (S). 10.00 News. 10.05 From our own correspondent. 10.30 Daily Service. 10.45 Morning story. 11.00 News. 11.05 Down your way. 11.45 Laughter in sport (part 5): Rugby. 12.00 p.m. News. 12.02 You and your buying and budgeting. 12.27 The Burkiss way. †12.55 Weather. VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre "Jump!" (S). 3.50 Jack De Manio Precisely including 4.00 News. 4.35 Story Time "Diary Of A Provincial Lady" (part 4). 5.00 PM Reports. 5.40 Carols Round the World. †5.55 Weather. VHF Regional News. 6.00 The Six O'Clock News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Singing for Glory (S) Music with the Salvation Army. 8.00 The Mountain of Light: Story of Koh-i-noor. 8.45 Hawks and doves: attitudes to war and peace. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime "Annals of the Parish" (part 4). 11.15 Nearly Christmas (part 2) The Birth. 11.30 Today in Parliament. 11.45 News and Weather.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Carry on Councillor. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 Soul 77. 10.03 Late Night London. 12.00-close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

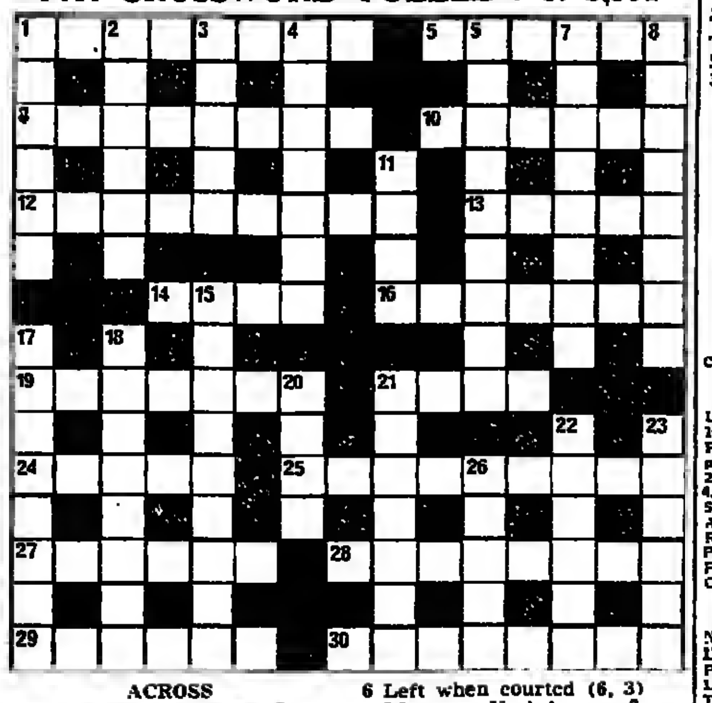
5.00 a.m. Morning Music. 6.00 A.M. with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 1.00 p.m. LBC Report, including George Gale's 3 O'Clock Call. 8.00 After 8—with Ian Gilchrist. 9.00-1.00 a.m. Nightline.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash. 1.00 p.m. Quiz. 1.30 Lovelina (with calls from 3.00 on 01-388 1255). 3.00 Roger Scott. 5.00 Hitline (01-388 7611). 6.00 People's Choice. 7.00 Lord George-Brown. 7.15 London Today. 7.30 Adrian Love's Open Line on 01-388 1255. 9.00 Nicky Horne. 11.00 Tony Myatt. 2.00 a.m. Night Flight. 3.15 Crafty Cook Recipes. 3.00 Lord George-Brown. 5.15-5.40 Alternatives.

F.T. CROSSWORD PUZZLE No. 3,551



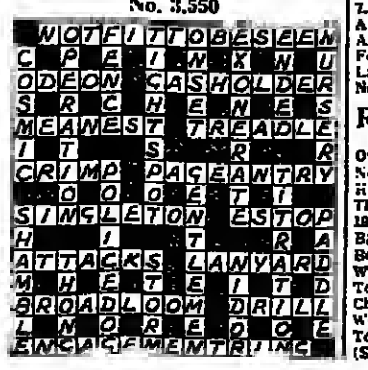
ACROSS

1 Choose seal as opener (8)
5 Whip makes a change (6)
9 Hard lines for dragoon (8)
10 College takes tea in Bordeaux (6)
12 United by importance of having in wait a bit (3, 6)
13 Key to duet may be a bit of Chopin (5)
14 Note of authority—the church has it (4)
16 Declare it's an experiment excluding amateurs (7)
19 Infantry went ahead and messed about (7)
21 Glut Lands End consumed (4)
24 Flutters making a sight better (5)
25 Spread from animals gone to pot (4, 5)
27 Result of a skier at Lords (6)
28 Harmonising with nut giant cracked (8)
29 Mail-boat carrying a lot of money (6)
30 Abandon picture that could be a winner at Wimbledon (4-4)

DOWN

1 Paint in time (6)
2 Surprised expression at credit given to one opener (6)
3 Left Jason's ship because of slow movement (5)
4 Fellow delegate takes care of a chap (7)
6 Left when courted (6, 3)
7 Wrong Yorkshire flower daughter put on rack (8)
8 Great success getting female to appear up to now (8)
11 Close bar (4)
15 My goodness it's incense (4, 5)
17 Going to baffle one of bowler's targets (3, 5)
18 Forces in disarray for use in court (8)
20 Head that will suit me (4)
21 First course for a learner (7)
22 Is first-class over a Southend prophet (6)
23 Rowing crew from the west go to mass (6)
26 Go all out for prize pawn (5)

SOLUTION TO PUZZLE No. 3,550



Elizabeth MacLennan, David Anderson and Terry Neason in Trembling Giant

...al Court

Trembling Giant

...giant of the title is ...lism, and he is trembling ...se he is about to be over-...o by international Com-...m. He began long ago in ...y by making a corner in ... That was how he became ...it. Having achieved power, ...ght out all children called ...lest they might be giant-... He only found one; for ...reason—casting difficulties ...ps—it was a girl, but any-...he was exiled into outer ...ess and George the Giant ...on his mighty way. ...united Scotland with-...nd, built a wilderness of ...les, conquered an empire ...rvived two world wars, the ...and the permissive society.

Jack, however, had got some horrid ideas in her foreign travels and came back to the now United Kingdom singing an Italian revolutionary song and asking the audience to join her in the rousing chorus of "Raise up the Red Flag now and we will win"—which is not actually a translation from the Italian, but never mind.

What we have, in fact, is a view of our history from the orthodox Communist standpoint, with a few special appeals because the play was written by John McGrath for the 7:84 (Scotland) Company, to play in Scotland. It is very naive, but it is not naive accidentally. Mr. McGrath is a talented writer, even if he is going through a period where he tends to subject drama to dogma, and he is aiming at simple audiences. Not predominantly children — indeed the play is to be simplified a little for the children's matinees — but audiences who learned their politics from the terse economy of the Mirror and the Sun, rather than the clever middles in the New Statesman.

Unhappily, the show is just not entertaining enough, in spite of some lively songs, and its good intentions drain away into the sand. The production, under Mr. McGrath himself, is designed for touring, and I feel it would seem more effective in some school hall in Rhum, Eigg or Muck than in the sophisticated surroundings of a London theatre.

B. A. YOUNG

David Henry, Natasha Pyne and Simon Chandler

...ng Vic

Importance of being Earnest

by ANTONY THORNCROFT

...e Young Vic has made a ...success out of introducing ...classics of the national ...re to a young audience. ...Christmas it scored with ...y's Aunt and this year it ...repeating the Brandon ...s farce but in tandem ...an even greater 1890's ...masterpiece, The Im-...ce of Being Earnest. ...de wrote The Importance ...ee weeks with at least one ...e cashing in on the com-...al popularity of Charley's ...and it is a nice conceit ...e Young Vic that they are ...ng the two plays on the ...basic set and with the ...actors.

...director Denise Coffey has ...een further in points of contact by having Lady Bracknell played by Teddy Green in drag. It is an odd intrusion in what is otherwise a nicely straightforward production of the play. With the rest of the cast bouncing epigrams off each other in the approved manner, Mr. Green remains rather stranded, neither sending up Lady Bracknell outrageously, or attempting to hide his masculinity behind his petticoats. In fact, he seemed rather ill at ease, as if he had been forced into the part through some sudden emergency and hopes that no one will notice his obvious limitations.

This apart, it is a jolly Importance. The straitened circumstance of the Young Vic do not allow too much opulence, but the open set gives scope for mobility, and if there is little subtlety in the playing, the laughs were building up well by the second act.

Natasha Pyne is a rather naughty Cecily, no match for Amanda Boxer's Gwendoline, who is the only person on stage who looks like a Victorian society bitch. Simon Chandler is a waspish Algernon and David Henry a bit of a Teddy Bear of an Earnest-come-Jack. If the gross familiarity of the play reduces its appeal as drama at least there are always newly appealing lines to seize upon, and to wonder at Wilde's genius, a genius as much for social comment as for wit.

...k Review

Peter Brook in Africa

by GARRY O'CONNOR

...rence of the Birds: Peter ...k in Africa by John Heil-...n. Faber and Faber, £5.95. ...ges

...r Brook began his latest ...mental phase as a direc-...1971, when together with ...et Ted Hughes, and a ...n dollars from the Ford ...ation, he invented a new ...ge they called *Orghast*, ...ng it back and forth amid ...s of Persepolis. An ac-...was published a year after. ...ook then went on to his ...stage, when, with an act-...p of mixed nationalities, ...off in motorised procession ...Algiers all the way across ...hara to the coast near ...and doubled back to ...by a more western route. ...main work they rehearsed ...rformed to the mostly ad ...iences in African villages ...nships was the Persian ...y, *The Conference of the* ...*s*, in which the birds meet ...e how to seek the Good. ...However the bulk of their ...mances, mimic slap-abouts ...verbal cries, took form as ...ings known as the Shoe ...the Box Show, the Ogre ...the Walk Show, the Man ...man show" . . . getting ...to real basics, you might ...account of the second stage, by journalist John Heilpern, has now been published, though it took place presumably not long after the Persepolis venture. Ted Hughes was due to arrive in Africa too, but failed to join the party. We had all been looking forward to meeting him. He sent some birds' mocking cries to be added to the script.

Mr. Heilpern shows the second experiment to have been far more lively and worthwhile than the first, though it did end up with everyone becoming weak, strained, ill, and the work itself petering out. Much is a description of places and people met on the way, and many of his little exchanges with town chiefs, the more exotic members of the group, and Brook himself, even though in structured dialogue, are priceless, quite outweighing some of the more consciously manufactured froth and foam about the performances themselves. Indeed Mr. Heilpern does really emerge as the hero of the piece, as, quite naturally, we see more and experience more of what he thinks and feels, than we do the actors, for whom he has immense sympathy (though they hardly stand out more than profiles, we accept the convention of politesse here), and Brook himself, for whom he has steady and qualified admiration, and towards whom he directs immense discursive brilliance. But he can't get inside Brook like he can himself, though he does say about him all that can really be said in his present phase, with a sense of balance and humour.

Has the trip any lasting value? The search of Western man for his lost soul, spontaneity, even fear, has been done so many times, most consummately perhaps by Saul Bellow in *Henderson the Rain King*, but no one has quite carried it off in Brook fashion, with actors as his spiritual and sensory antennae, feeding himself, scratching out his autobiography in the shifting sand of his group's failures and resilience. Mr. Heilpern's claim that it is Brook's search for true creativity (on whether his own, or civilisation's, judgment must be withheld) is correct, and he is right to attribute such importance, at least fascination, to Brook's own moment of taking to the boards. I would add that possibly the straitjacket of Brook's own early success, the conformity of excellence imposed on him, has led to the hunger, in middle life, for non-structured events, the occult, the explosions of mood and fatigue, even joy, that often misguidedly go by the name of truth.

Oxford Playhouse

Magicalympical

by CHRIS DUNKLEY

In *The Magicalympical Games* at the Oxford Playhouse, Graeme Garden (the Goody with glasses) has come up with a Christmas show which, though it lacks plot, contains nearly all the other separate ingredients that are commonly supposed necessary for a work to succeed with children.

There is comedy: Richard Murdoch plays Professor Bomphrey, and a policeman who bicycles into the stalls, is turned into a dog, and spends the rest of the performance rushing around on all fours and barking.

There is music from a trio of electronically amplified young men permanently on stage, and in the form of a couple of original songs, and an Elvis Presley medley.

There is a frightening wizard called Magus Malion who comes of and goes in puffs of smoke and turns people into rag dolls and vice versa.

There is, in the person of Billy Boyle, a young hero with a clear affinity for young audiences (who could be seen at the first performance digesting the fact that once children have been taught to shout out the magic words backwards to let the wicked wizard out of the locked box they will remember later when the professor gets locked in, and will not join in your concern but will scream "say the magic words backwards" until you (folly well do).

And there is a lot of other "participation": sweets are thrown into the audience, there is a song for everyone to sing with the words on a traditional giant song sheet, and some of the children in the stalls are required to heave on ropes.

But there is no guarantee, of course, that when you fling a lot of ingredients together the result will be a cake: it could simply produce a rather sticky mess, and so far this show is nearer mess than cake.

It is only fair to say "so far" because on the first day most of the errors were clearly the result of under-rehearsal. Once Mr. Murdoch has learned the rest of his lines, and the echo-chamber effect has been modified so that it works solely for the wizard and not for everyone near him, and the vile song "Oh ditcher-ditcher-ditch" (in the first face and go tersleep yer little rathag" has been excised entirely—the audience at the first performance having greeted it with silent, blank amazement—it will be a much-improved show.

The Acme Gallery

John Bellany

by WILLIAM PACKER

Peering through the all but impenetrable fog of his natural and ever-thickening prejudice on the question, the fair-minded Englishman must still see, though he might not choose to acknowledge, that several good things, besides the Great Road South, have come, and indeed continue to come, out of Scotland: and for some 200 years or more Scottish Painting has been numbered among them, making a distinguished and particular contribution to our united cultural life. The artists have not been especially numerous, and their work has often been modest and self-effacing, in a proud, take-it-or-leave-it sort of way: but the list soon begins to add up, from Alan Ramsay to MacIntosh, Innes, Fergusson, and on to William Johnstone and Alan Davie.

It is tempting to try to discern a unifying quality in the work, and to say precisely in what such Scottishness consists; but National Schools are strange, mythical beasts, and inclined to fade away when you look at them closely. In considering much of the work done in our own time, we have come to speak habitually of a distinctively Scottish use of colour, rich and strong, close in tone and often dark and rather oppressive; and we think of imagery that is frankly symbolic or associative. The way of working the paint across the surface, too, thick and free, but not too free, and always thoughtful, might suggest that there really is a sub-school in European painting called Scottish Expressionism.

Certainly we can say all of these things about the paintings of John Bellany (on view at the Acme Gallery in Shelton Street, W.C.2, until January 14); and the fact that he is indeed a Scotsman comes as no surprise when we confront them. But how much this is due to our expectation and forward information it is impossible to know. Bellany has been a conspicuous Scot in London for the past 12 years or more, and it is hard to dissociate the man from the work. Thus we categorise both him and it by a reflex, with the result that the very idea that there is such an animal as a Scots Art is by one degree further established simply by wishing it so; which can be painfully limiting and patronising to the poor painter caught up by these improbable jaws.

For Bellany is an artist who deserves rather more than a narrow, national reputation. This small survey of his larger work takes us back to his Royal College days and to two strange and impressive paintings of fishermen standing over their half-gutted catch. Considering the period in which they were made, when abstraction seemed to have carried the field, and the energy of abstract-expressionism had been tamed, they were the most unlikely of objects, especially so from the hand of an evidently serious and ambitious young man. Perhaps it was his particular provenance, the comparative isolation to be enjoyed in North Britain, that sustained his independence.

His subject-matter was derived from his immediate local experience: and in a way it has remained so, though cast into more generalised imagery, and taking on wider reference and application. The insistent, hieratic formality of the composition, too, has remained fairly constant, his obscure, veiled, ambiguous, atavistic figures, some of them labelled self-portrait but just as likely to be magician or priest, staring bleakly out at us, their backs to the sea, their thrones as it were invested with the arcane attributes of office: fish, birds, goats, lobsters, skulls, and sacrificial victims beneath the knife. Such symbolism is as obvious as it is familiar: but with it we pull out of the local backwater into the mainstream of European symbolic expressionism, that flows down, through Bacon and Beckmann, Picasso and Soutine, through Ensor, Nolde and Munch, through Redon, Moreau and beyond as far as you care to go. Launched into this larger flow, which is no less than it deserves, his work stays up very well. Beckmann, whose reputation quite rightly has been retrieved in recent years, is particularly strong an influence, a debt fully acknowledged.

Lately, however, the work has opened out, drawing and handling together much looser and freer, the imagery much less specifically, even perfunctorily stated, sucked into the densely painted surface: and a broader view is taken, the ship beset by a storm at sea, the crew on deck smaller, flurried, indeterminate. The gesture, the painted mark, no longer merely serves the image, but takes on a life of its own across the surface and into the pictorial space, symptom of abstraction: but serve it it does, nevertheless, and success lies in the resolution achieved between this duality.

These are fine paintings, showing a maturing artist working with confidence and authority. It is hard to think of his peer in his own generation, for, while abstract-expressionists are again thick on the ground, there are few such figurative artists; and the very scale of his work makes comparison with such distinguished elders (not so old as all that) as Kossoff or Auerbach dangerously misleading. Perhaps we should take him as he is, in all his idiosyncracy, and make the most of him: in any other country he would be something of a star.

Record Review

Vox Boxes

by DOMINIC GILL

Schumann: Piano works complete, Vol. I. Peter Frankl. Turnabout TV 37093-5S (3-disc box, £5.97)

Schubert: Piano sonatas complete, Vol. I. Walter Klien. Turnabout TV 37096-8S (3-disc box, £5.97)

Haydn: Six piano concertos. Ilse von Alpenheim, Bamberg SO/Dorati. Turnabout TV 37090-2S (3-disc box, £5.97)

These three Vox Boxes, issued on the Turnabout label, are all distinguished new collections, not reissues—and at bargain prices, maybe also a thought for last-minute presents. The first volume of Peter Frankl's Schumann edition is imperfect: but it looks like being—and not *faute de mieux* merely, though the competition is thin—far and away the best set of Schumann's complete piano works available.

The playing is strong, clear, and warmly focused. I specially liked his account of the *Etudes symphoniques* (in its final version: he gives the five rejected variations afterwards as a separate set) — done with great force and style, and careful annunciation of inner voices. His *Carnaval* a little more uneven. Contrasts are less forceful: I noted more than a few key moments which might have sounded either more assertive, or more shyly tender. But in the broad view, there is ample compensation — long lines beautifully sustained, attractive colouring, quick, unflagging rhythmic impetus.

There are also very beautiful, crystalline performances of the 43 miniatures which make up Schumann's *Album for the Young*, and a clean, muscular account of the *Faschingsschwank aus Wien*. The sound-quality is adequate, but rather close, and with a tendency to sound plummy at climaxes. The occasionally very audible thump of the piano dampers probably betrays the infuriating custom of some (usually American) record producers to hang one of their unnecessarily large array of mikes almost inside the piano lid. The box is accompanied by a folded leaflet containing barely three pages of recital-style programme notes. Like the sound-quality, they are adequate; but Frankl's ambitious and admirable undertaking deserves better.

Strange as it may seem, Walter Klien's projected complete set of the Schubert piano sonatas is the only one in the catalogue—the nearest we have at present to Alfred Brendel's eight-record set of the late sonatas, filled out with some Impromptus and *Moments musicaux*. It is not clear from the notes exactly how Klien interprets "complete"—but since he includes in his first volume only the two completed movements of the "Relique" sonata in C major D840, he presumably doesn't intend to attempt any major reconstruction of the unfinished pieces in the manner of Badura-Skoda.

Klien is an exceptionally intelligent and scrupulous Schubertian: and if he maintains the high standards of this first volume, his set should be a very valuable addition to our record shelves. He offers notably a fine performance of the great A minor sonata D845 (mistakenly labelled "A major" on the disc), firm and fiery, darkly eloquent. He also plays the little A major D664, carefully and sweetly rounded, but without any kind of over-sweetness or cloying emphasis. And of the earlier sonatas, both the B major D575 and the E flat D568—this last especially an enchanting performance of a work rarely heard these days on the concert platform. The recorded sound quality is better than Frankl's: less plummy, without damper thump, and sharper and cleaner at climaxes; the notes provided in the box are also marginally more complete.

Ilse von Alpenheim is an Austrian pianist new to me. In her biographical note she is honoured with the somewhat dubious distinction of being "perhaps the only pianist in the world who has performed all of the Haydn piano concerti." I like the "perhaps"; but she also proves to be a capable and committed artist, and with the Bamberg Symphony Orchestra under the direction of her husband Antal Dorati, she gives performances of unfailing vitality and charm. The little-known G major concerto ("no. 9") and the D major ("no. 2," probably a reworking of a concerto by Galuppi) are both delivered with persuasive freshness and sparkle: six concertos in all, including a lively account of the best-known, the D major "no. 11," with its *Rondo all'Ungarese*, here taken very brilliantly and fast.

One important reservation only: Vox really must get themselves some producers and engineers who know their musical, as well as their technical, jobs. For this otherwise excellent Haydn set, someone has twiddled their knobs so unintelligently that the audience can imagine itself right inside the piano lid, while the orchestra plays next door — absurd and unnecessary imbalance, which makes nonsense of all 18th-century notions of proper proportion between soloist and instruments, as well as lending a quite unreal air of artificiality (as anyone who has ever heard a piano concerto live in a concert hall will instantly realise) to the performances themselves.

Purcell Room

Virginia Pleasants

by DAVID MURRAY

It took two world wars to silence Muzio Clementi in the Conservatoires. Four years older than Mozart (whom he outlived by a very long way) he resigned as a public performer at the beginning of the 19th century and became a successful manufacturer of pianos. He might be said—a little unkindly—to have become a successful manufacturer of piano music, too. By 1826 the publication of his *Gradus ad Parnassum*, 100 exercises "in the Strict and in the Free Styles," was completed and until recent times few piano students managed to avoid them altogether. They had Beethoven's blessing, for one thing: for another, the mere competence which they inculcated was also sufficient for performing them tolerably.

It is often maintained that the ubiquitous Gradus has placed Clementi's excellent sonatas in a baneful shadow, and perhaps the exit of the former from the pedagogical scene will allow the merits of the latter to shine forth. Tuesday night, however, Virginia Pleasants devoted a recital to 20 pieces from the Gradus itself, played (in the presence of present-day Clementis) on an 1823 Clementi fortepiano.

She made it evident that the least of her chosen pieces contained some musical spark, though never any threat of a blaze; and her touch on the period instrument sounded natural. As an encore she offered charmingly Debussy's "Doctor Gradus ad Parnassum," an ironic pastiche of Clementi figurations.

Clementi had asked nothing more of the transitional Grand than it could offer, unlike Beethoven or even Schubert. Perhaps he be made similarly modest demands upon himself. Still, if his way to Parnassus is no longer the recommended route, there are pretty views along it, well caught in Miss Pleasants's snapshots.

ENTERTAINMENT GUIDE IS CONTINUED ON PAGE 19

EUROPEAN NEWS

IFO survey points to improvement in business climate

BY JONATHAN CARR MUNICH, Dec. 21.

A CLEAR improvement in the West German business climate emerges from a survey taken in November and released to-day by the IFO economic institute of Munich.

A majority of companies in manufacturing felt their business situation had become markedly better. Fewer companies are expressing pessimism about prospects for the new year.

The big question for many is how to maintain export markets in the face of the dollar's rapid fall. IFO said earlier this week it believes the overall impact on German exports from the fall of the U.S. currency so far will be relatively small.

It continues to believe real export growth of up to 5 per cent. in 1978 to be possible.

The November survey shows that of all sectors, producers of capital goods remain the most cautious about a firm and durable improvement in business.

But even here there are some signs of change. IFO notes a small improvement in the business position of the mechanical engineering industry, and a slight strengthening in the orders intake of the electrical engineering sector.

Producers of consumer durables could almost be described as buoyant, particularly in the electricals sector.

The consumer goods sector (non-durables) is somewhat less positive. But here too there are widespread reports of an improvement in business in November after a slackening in the two preceding months.

Backing up these sectoral reports, the wholesale trade notes a slight increase in turnover from October to November —a period when there is usually a fallback. The retail trade reports a strong improvement against October and sees better business prospects over the next six months.

Finally, the construction industry reports more orders on its books than at the same time last year, although poor weather is preventing it from carrying out the work as quickly as it would like.

Almost all this optimism is relative. West Germany is ending a year in which the hopes of many—not only in industry —have been disappointed. According to IFO, real growth in GNP this year is likely to total only about 2.5 per cent.—against the 4.5 per cent. to 5 per cent. which the Government was hoping for a year ago.

Nonetheless, the IFO findings do appear to reflect a turn for the better. IFO expects a real GNP growth rate of 3 to 3.5 per cent. in 1978—and stresses that this would be an improvement on 1977.

Demirel may face vote of no confidence

By David Tonge ANKARA, Dec. 21.

THE TURKISH opposition announced to-day that it has prepared a motion of no confidence in the present minority coalition and will hand it in to Parliament to-morrow unless the Government itself calls for a vote of confidence. But Prime Minister Suleyman Demirel's Justice Party said to-night that it would wait for the motion of no confidence. It also said it would resign if it did not win the vote of more than half the parliament.

The Turkish political crisis is thus creeping towards a head. Following the 11 resignations from the Justice Party of Mr. Suleyman Demirel, the Prime Minister, his three-party Right-wing coalition can now count on only 218 of the 450 seats in Parliament.

The 11 deputies who have resigned and one independent who has joined them do not accept the leadership of the Justice Party and its present coalition with one neo-Fascist and one pro-Islamic party. Together with several other deputies in the Justice Party they support the formation of a coalition between the Justice Party and the Opposition Republican People's Party (RPP). Such a coalition is supported by both big business and by the United States, which is keen to see an early resolution of the Cyprus issue.

The RPP, which has 214 seats in Parliament, says it has already prepared the motion of no confidence. This has to be voted on within 11 days of its presentation to Parliament.

The uncertainties have already caused the International Monetary Fund to delay signing an agreement with Turkey for credits which will open the way to a massive inflow of fresh foreign bank credits. Mr. Cihat Bilgehan, the Minister of Finance, was ready to sign on Monday, financial sources here say, but now the IMF team has left Ankara and will not return until the New Year.

Polisario claims aircraft hit in new French attack

BY A SPECIAL CORRESPONDENT ALGIERS, Dec. 21.

POLISARIO, the Western Sahara guerilla movement, has claimed that its forces have again been attacked by French aircraft, which it says have now intervened three times in its conflict with Morocco and Mauretania since the beginning of the month.

Polisario claimed to have hit a French Jaguar during the attack, in which, according to a statement released last night, the movement's forces were bombed by aircraft including several French Jaguars and Mirages said to have been based in Dakar and Nouadhibou.

The statement claimed the Jaguar had either crashed or made a forced landing nearby.

The attack was said to have followed a raid by Polisario guerillas at Tmeimichatt in Western Sahara. In the raid, Polisario claimed, 68 Mauritanian soldiers were killed and 18 were captured, including five junior officers.

According to Polisario, the first of the three incidents took place at the beginning of the month when guerillas hit a Jaguar. Polisario, however, did not specifically claim the aircraft had been destroyed. The second incident followed on December 14 and 15. According to a statement released here on Sunday, four Breguets Atlantic and two squadrons of Jaguars strafed and bombed a Polisario column which had attacked the 600-kilometre railway from Zouerate to Nouadhibou.

Polisario claims that 31 Mauritanian prisoners captured in the attack on the railway were killed during the two-day air strike, as were several dozen Polisario guerillas. It claims that napalm and phosphorus bombs were used in the attack.

If Polisario's claims of French involvement are correct, this could have serious international implications. Relations between France and Algeria, Polisario's principal backer, are already strained.

Yesterday the Algerian Foreign Ministry called in the French Ambassador to Algeria, M. Guy de Commines, and drew his attention to "the gravity of the situation created by the recent French military intervention in the region and the consequences that could result."

Reuter adds from Paris: French Foreign Minister M. de Guiringaud to-day rejected charges that French aircraft took part in battles against Polisario were "in a very extent make-believe."

M. de Guiringaud told the National Assembly that France did not intend to be drawn into all the Sahara conflict complications.

French role poses dilemma for Algeria

BY DAVID CURRY IN PARIS

IS FRANCE fighting a small war in Africa? There is a growing suspicion in Paris that the Government's silence over Polisario accusations of attacks by French aircraft against its columns in the Western Sahara masks a much stronger commitment than it is willing to admit.

It seems certain that French aircraft have carried out two and probably three strikes against Polisario forces. The first raid, whose date is disputed, was apparently by eight Jaguar ground support aircraft and four Breguet Atlantic aircraft.

In response to accusations from Polisario, Paris has curtly drawn attention to the fact that its aircraft stationed at Dakar in Senegal and in Mauritania were "available" to carry out operations to defend French nationals and at the request of Mauritania. Claims that napalm and phosphorous bombs were used were dismissed by Paris which said that the aircraft have no such weapons.

What is interesting is that the first air attack was almost certainly carried out after the French government had received word via New York that the eight French hostages held by Polisario would be released. Later raids were carried out after the intention to set free the hostages, announced by Communist leader M. Georges Marchais in Algiers a week ago, was public knowledge. In other words, the air attacks seem to represent a deliberate escalation of the war by the French.

This presents Algeria, the patron of the Polisario but not necessarily its political mentor, with a difficult choice: either it must upgrade the weapons it has given to the Polisario, or admit that eventually superior firepower will win the war insofar as this sort of war can be won for the Mauritanian-Moroccan-French forces.

Algeria is intensely worried about the situation and is thought to be making strong diplomatic efforts to persuade the French to pull out its air force. But if Paris acceded to this request there is nothing to replace it. Morocco, which shared the former Spanish Sahara with Mauritania, has some 50 Mirage F1 aircraft on order and may order more Mirages, and some Alpha-jets. But deliveries have yet to begin and Moroccan pilots may well not be ready to fly operational missions for some time. Mauritania has no air force to speak of.

But if France maintains her presence it seems inevitable that the already abysmal relations between France and Algeria will sink even further, and France could find itself caught up, at least diplomatically, in a Moroccan-Algerian conflict.

King Hassan of Morocco, whose regime receives very strong French support, has already claimed the right to "hot pursuit" of Polisario forces into Algeria and Algeria has replied, predictably, that such a pursuit would be a casus belli.

French motives are difficult to explain. What can be said is that Paris has become seriously alarmed at the spread of Left-wing and Communist-influenced governments in Africa. Earlier this year, French military aircraft ferried Moroccan troops to repel the invasion of Southern Zaire from Marxist Angola.

In a recent broadcast, President Giscard d'Estaing went out of his way to claim special influence for France in Africa on the basis of her studied policy of non-interference and of only acting upon request. He would doubtless claim that it is natural for France to buttress two friendly (and conservative) States—Mauritania and Morocco —in a part of the world with traditional French links.

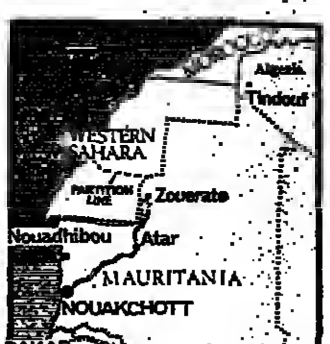
But by the same token he would claim that France did not presume to dictate to another country the sort of regime it should adopt and he has been careful to cast French support for Mauritania and Morocco in the context of the defence of French nationals rather than the support of territorial claim to the Sahara.

Global preoccupations of France has very real economic interests in North Africa, at least in the Zouerate mines whose exploitation depends heavily on French and European technical personnel and for whose ore France is a strong customer.

The French intervention, even if likely to be prolonged beyond the release of the hostages, was probably not designed to protect French nationals. After all, the decision to send troops to Dakar came as a threaten military action hard on the heels of the hijacking of the Lufthansa hostages to Somalia, when France was congratulating Germany on its refusal to surrender to terrorists.

Similarly firm action was certainly expected from the French Government to react to the clear provocation of Polisario in taking French citizens hostage inside disputed Mauritanian territory.

The problem now for Algeria is to judge the extent and quality of its continuing support for the partitioning state.



Swiss identify suspects

BY JOHN WICKS ZURICH, Dec. 21.

THE SWISS Government to-day announced that the two Germans arrested on Tuesday after customs officers had been wounded at the frontier post of Faoy have now been identified as Christian Moeller and Gabriele Kroecher-Tiedemann. It had initially been assumed that the man was Willy Peter Stoll and the woman either Juliane Plambeck or Adelheid Schulz, who are on the list of the 16 persons most wanted by the Federal German authorities on charges of terrorism.

Although Moeller and Kroecher-Tiedemann are not on this list, both are said to be connected to German terror activities. Gabriele Kroecher-Tiedemann, who is 26, was sentenced to 8 years' imprisonment in Berlin in 1973 on a charge of attempted murder and was one of the extremists exchanged in January 1975 against Peter Lorenz, the kidnapped CDU leader in West Berlin. She was expatriated to South Yemen but is under suspicion of having taken part in the attack on the OPEC meeting in Vienna in December, 1975.

Moeller, who is 28, is alleged to have connections to the terrorist groups and is under suspicion of having taken part in bank robberies. He was slightly injured in the foot yesterday.

Reuter adds from Frankfurt: Metal worker, Dierk Hoff, who built bombs for the Baader-Meinhof group was sentenced to-day to four years and eight months in prison.

Spanish credit easing

By Robert Graham MADRID, Dec. 21.

SR. JOSE MARIA Lopez de Letona, the Governor of the Bank of Spain, said to-day that distortions created by the Bank's tight money policy were being ironed out and the worst difficulties of the credit squeeze were over.

Strict control of the money supply is currently being used by the Government as the principal weapon to reduce inflation —running at around 28 per cent. —and to cut the payments deficit.

The Bank of Spain's use of the monetary weapon has come in for criticism among the banks, especially in October and November when they claimed that credit became virtually expensive.

This resulted, they claimed, in a sharp contraction of credit which created distortions in the inter-bank market and a consequent drop (much sharper than anticipated) in the increase in money supply.

Explaining the bank's policy at a news conference, the governor said that since the July peseta devaluation, the Bank of Spain had sought to cut the annual increase in money supply from 20-21 per cent. to 17 per cent.

When the banks continued to expand credit in the summer above acceptable limits, credit was squeezed which created the distortions that appeared in October.

Interest rates for daily dealing between the Bank of Spain and the banks reached as high as 18 per cent.

Consequently, the effective increase in money supply during October was 10 per cent.

According to Sr. Lopez de Letona, the "adjustment period is practically over." He said it was a mistake to pay too much attention to monthly differences in the money supply.

He did reveal the bank was allowing itself a 2.5 per cent. margin of manoeuvre above and below the 17 per cent. target.

The Bank's difficulty since late November has been to release more credit, but slowly, at rates attractive to the banking system—yet without giving the impression that overall Government policy has been changed.

Meanwhile, to-day the $300m. loan arranged by an international group of banks headed by Deutschebank was signed in Madrid. Sr. Lopez de Letona made special play at his Press conference of the favourable rate obtained—½ above Libor. He said this demonstrated the international community's confidence in Spain.

TAP pilots strike

PILOTS of Portuguese Airlines—TAP—announced yesterday they would strike indefinitely from midnight, writes Diana Smith in Lisbon. Last-minute talks with management over substantial wage increases and new working hours broke down yesterday evening.

THE BELGRADE SECURITY CONFERENCE

Plenty of talk but little of substance

BY PAUL LENDVAI IN BELGRADE

AFTER 12 WEEKS of debates, the 35-nation East-West follow-up conference here to the 1975 Helsinki summit on security and co-operation in Europe, broke up yesterday for the Christmas recess in an atmosphere of deepening cynicism. When the 420 diplomats resume their work on January 17, they will have barely four weeks to draft a concluding document. It should contain four principal parts: general political conclusions; assessment of the implementation of the provisions of the Helsinki final act, forward looking decisions and recommendations, and last but not least, a decision about the modalities, date and place of the next Belgrade-type follow up meeting.

The prospects for drawing up a document of real substance are not very promising. The delegations have so far tabled 95 official proposals for the so-called baskets in which the Helsinki final act summed up the main subjects: (a) Security in Europe with special emphasis on confidence-building; (b) Economic, scientific and technological co-operation; and (c) Humanitarian issues, which means freer human contacts, freer flow of information, co-operation in culture and education.

Following the laborious compromise proposed by the four neutrals (Austria, Sweden, Switzerland and Finland) and finally accepted by the Soviets, the conference has organised itself in the following fashion: The plenary will be assisted by two drafting groups, one to fix the modalities for the next follow-up meeting, and another to draft the concluding document itself. However this latter will in turn have three "sub-groups" for each of the three baskets. Without such a structure, which was demanded both by the West and the neutrals, the meeting could have produced no more than a short, anodyne communique.

The Belgrade Conference will enter its final decision-making phase well behind the planned schedule with not one single word of the concluding document yet formally registered and put on paper. The decision of the preparatory meeting from last summer about the conference "completing the drafting by mid-February" does not imply a cut-off date. If it comes to a crunch—the West and the neutrals can point out that the "any case" the conference will only end after having adopted the concluding document and its fixed the date and place of the next follow-up meeting. Thus the fact that the working programme, already accepted on Monday, the drafting of the concluding document should be completed up to February 15, does not mean a kind of "guillotine" as the Soviet tactic is commonly called among the delegates.

> The conference enters its final decision-making phase well behind the planned schedule with not one single word of the concluding document yet formally registered and put on paper. The gap between expectations of public opinion and the results that can realistically expected has become of anything wider since the conference began.

But is the document really so important? As a senior U.S. delegate put it privately, "the main thing was the public debate about the violations of human rights in the Communist world. We never expected the Soviets to agree to anything but a bland, non-committal final resolution." Another important point—and not only for the Americans—is the agreement that "the plenary remains open for any intervention by any delegation." This means that in the case of a trial of Mr. Anatoli Shcharansky, a prominent member of the Soviet "human rights monitoring group" or other repressive measures taken in a Communist country, the regime concerned can be publicly criticised and condemned at the Belgrade Conference.

Meanwhile, the Americans in Belgrade have to perform a delicate balancing act between President Carter's emphasis on open diplomacy and classic backstage manoeuvering at East-West conferences. Ambassador Arthur Goldberg, the "unguided missile" (a phrase coined by a NATO delegate) has delivered so many and increasingly repetitive speeches about the meaning of "principle seven of the final act" relating to human rights, that in observers, tended to forget the other important points at issue. As a neutral observer remarked, the conference allows Washington to attack the Russians over human rights while the two superpowers prepare many agreements in other fields, as SALT, MBFR, etc.

Meanwhile the member states of the European Community and the neutrals are pressing for a greater effort in the area of "minor but tangible" benefits not only in the much-publicised field of human contacts, re-uniting families and of freer travel but also in the area of business contacts and working conditions both for businessmen and journalists.

The paper put forward by the Nine of the European Community on the assessment of implementation notes for example in the field of economic-scientific and technological cooperation only "limited improvements" and stresses the need for a greater effort in the furnishing of economic and commercial information. Grandiose Soviet proposals, echoing a previous speech by Mr. Leonid Brezhnev call for "all European" inter-state conferences on transport and energy at high level.

However Western delegates dealing with Basket Two regard these proposals as a smokescreen behind which to avoid the discussion of concrete issues such as quicker and regular publication of essential statistics and relevant information needed by Western businessmen. Access for Western exporters to the end-users of their products, the possibility for several small or medium sized firms to open joint offices and the establishment of easier direct contacts between scientists and technologists are some of the main points which were repeatedly raised by Western and neutral delegates.

Polemic outbursts intrude even into these deliberations. The Czechoslovak delegation at one point retorted to the pleas on behalf of small Western companies with the following remark: "In 1975-76 421,000 such firms went bankrupt in the capitalist countries and Western representatives said nothing about what their governments did for these firms."

The subjects range from a controversial Austrian suggestion proposing a European plan for inland waterways to the problem of migrant labour and the common grievances of the East about tariff and non-tariff barriers.

A further element of uncertainty is introduced by the latest threat to block further progress if the proposal to set up a committee and a permanent secretariat in Malta for the Mediterranean is not dealt with an "a serious fashion." It remains to be seen whether a compromise proposal put forward by Spain, France, Italy, Yugoslavia, Turkey and Yugoslavia (but significantly not including Greece and Cyprus) for a Mediterranean conference will be acceptable to the majority.

The gap between the expectations of public opinion and the results that can be realistically expected in Belgrade has if anything become wider since the conference began on October 4. Under the principle of consensus, the delegates will have to take unanimous decisions both about the concluding document and the procedures for the next meeting which is likely to take place in Madrid in the spring of 1980. Before that the diplomats will have to produce a text which is ambiguous enough to enable the conference to end on a "frank" yet "constructive" note.

Soviet leader only 'mildly indisposed'

By Our Own Correspondent MOSCOW, Dec. 21.

LEONID I. BREZHNEV, Soviet President and Communist Party leader, remains out of sight to-day, and has not been seen in public for exactly two weeks. Western diplomats here played down rumours that he was seriously ill.

Semi-official Soviet sources said over the weekend that Mr. Brezhnev was mildly indisposed, perhaps with influenza.

A stream of official telegrams and messages has continued to issue from the Kremlin over Mr. Brezhnev's name, keeping him on the front pages of the Soviet Press.

Questions began to be asked last week when Mr. Brezhnev failed to appear at a session of the Supreme Soviet, the work of which he usually directs, and when he cancelled a scheduled meeting with the leader of West German Socialist Party, Herr Brandt.

E. Germany imports call

EAST BERLIN, Dec. 21.

HERR WILLI STOPH, East German Prime Minister, to-day called for measures to cut consumption of imported raw materials and fuel.

Presenting next year's economic plan to Parliament, he also announced that growth of investment next year in non-industrial areas of the economy would be sharply reduced, apparently to save money imports.

Domestic consumption still rising and according to plan figures released to-day imports, mostly from the West are set to grow to nearly 14 tonnes next year from this year.

With the switch away from quantative expansion, Herr Stoph said, overall investment would grow next year by only 2.1 per cent. compared with more than 6 per cent. in

EEC grants total $257m.

BRUSSELS, Dec. 21.

THE COMMON MARKET Commission to-dey announced granls of 214m. Units of Account (about $257m.) to the nine Common Market countrles from the Community's regional fund.

Italy received the lion's shere of the grants, some 71m.UA ($85m.), while France was earmarked for some 65m.UA ($78m.).

Britain recelved about 4m.UA ($54m.), West Germany 28m.UA ($33.5m.) and Holland a little more than 6m.UA ($7.2m.).

The other Common Market countries shared the rest of the grants which are designed to aid a total of 1,117 projects in the backward regions of the Community.

Britain received a total of 44.92m.UA for 153 projects. Scotland got the greatest share, 18.26m.UA for nine projects, while northern England received 8.2m.UA for 23 projects.

Wales received 6.68m.UA for 80 projects Northwest England 6.25m.UA for 19 projects and Northern Ireland 5.5m.UA for 19 projects. Yorkshire and Humberside got 2m.UA for thee projects.
Reuter

$180m. loan to Portugal completed

LUXEMBOURG, Dec. 21.

THE COMMON MARKET to-day announced the final instalment of a $180m. aid package to Portugal agreed two years ago.

The EEC's long-term financing organ, the European Investment Bank, said the last 9m.UA ($10.3m.) in the package had been lent to the Portuguese national development bank, the Banca de Fomento Nacional, for aid to small and medium-size industrial companies.

The loan, granted from the bank's own resources, is for 10 years at an interest rate of 5.9 per cent. after the deduction of a 3 per cent. interest rebate paid directly from the EEC's budget.
Reuter

The Financial Times, published daily except Sundays and holidays. U.S. subscription $178.00 (air freight) $334.00 (air mail) per annum. Second class postage paid at New York, N.Y.

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4
Telephone: 01-248 8000
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10 Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Madrid: Espronceda 32, Madrid 3. Tel: 253 6173

Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236-5743
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: Second Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

SUBSCRIPTIONS
Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

Jeyinuits

AMERICAN NEWS

Exxon bids $108m. for Chilean copper enterprise

BY JOHN WYLES NEW YORK, Dec. 21.

EXXON Corporation is poised to make its largest ever investment in minerals as a result of the Chilean regime's policy of selling off the industrial enterprises acquired for the state by the previous, left-wing, Chilean government of President Salvador Allende.

Exxon Minerals International has bid $2.01 for each of the shares held by the Chilean Government in the copper mining company Compania Minera Disputada de las Condes. Owned until 1972 by the French company Penarroya, Disputada has two deposits—one 45 miles north-east of Santiago and the other 85 miles north-west of the capital.

Exxon is the only bidder for the deposits, which the Chilean Government opened to offers only on October 1. Two other companies apparently expressed an interest and asked the Government to postpone the December closing date for bids, but this was refused.

Exxon's decision to commit itself to the attempted purchase was based partly on information provided by the Chilean Government, and partly on an assessment made by its own officers. According to the government's figures, the main deposits north-east of Santiago contain 188m. tonnes of 0.95 per cent. copper, 201m. tonnes of 0.86 per cent. copper, and 361m. tonnes of 0.72 per cent. copper.

Exxon specifies in its bid that it will undertake an extensive study to determine whether production from the Disputada holdings can be expanded. "In Exxon's view, the quality of the deposits may justify major additional investment," said a spokesman. Some 13 per cent. of the Disputada stock remains in private hands, and Exxon has undertaken to purchase this, if its bid is accepted.

Exxon's mineral interests are managed by Esso Eastern Inc., based in Houston, and expansion on this front is emerging as a major objective.

Exploration of virgin land in Wisconsin has produced a potentially large find of copper and zinc, which is still being evaluated as a prelude to a decision on future investment. Also, Exxon has, in the past year, paid $26m. for a 25 per cent. interest in the Hale Creek coal project in Australia.

Hugh O'Shaughnessy writes: The decision of Gen. Augusto Pinochet, the Chilean President, to dispose of the state's majority share in the Disputada mine to Exxon underlines the seriousness with which he is pursuing his policy of selling off government assets, which he considers superfluous, to any buyer, Chilean or foreign.

Coming after the deal under which Atlantic Richfield and Amerada Hess are to explore for oil in Chile hitherto an operation reserved to ENAP, the state oil company—the agreement announced to-day shows that the Chilean junta is attracting growing attention from the bigger U.S. corporations.

It should give encouragement to the authorities in Santiago in their search for capital to develop El Abra, a reportedly rich body of copper ore in the north of Chile.

Any new influx of foreign capital will be welcomed by the Chilean Central Bank, which faces the prospect of having to devote more than 35 per cent. of 1978's export earnings to the servicing of the foreign debt.

Carter 'approves taxation cuts'

BY OUR OWN CORRESPONDENT WASHINGTON, Dec. 21.

PRESIDENT CARTER was reported to-day to have approved a major tax package that would cut taxes by some $25bn. in the next fiscal year and introduce a number of reforms, including the phasing out of the special tax advantages currently given to exporters.

The package will not go to Congress until next month and could still be revised. But Administration sources said today that such a revision is unlikely, and that the details of the proposal are now more or less fixed. If so, it represents a significant scaling down of the President's earlier tax reform proposals. But there is, nevertheless, bound to be fierce opposition, even to those proposals that remain.

The plan comes after months of internal debate within the Administration about the need to stimulate the economy by the end of next year and about the need for tax reform. In its present form it reflects the President's apparent belief that further stimulus is now necessary even if it makes it far harder for him to meet his goal of a balanced budget. However, given recent signs that the economy may be stronger than thought even six weeks ago, it may be that in the early part of the year the package may be altered a little.

Mr. Carter's package is also something of a victory for the elements within the administration who have argued that it is of paramount importance to retain the confidence of business and that too many controversial tax reform proposals would alienate Congress, irritate business and possibly becalm the whole package, including the cuts themselves.

The package proposes about $23bn. of income-tax cuts of which $6-7bn. would be for business. The heart of the proposals for business is a 4 per cent. cut in the top corporate tax cut rate which now stands at 48 per cent. This rate would be cut 3 per cent. on October 1 — the start of the next fiscal year — and a further 1 per cent. on January 1, 1980.

A second major feature for business will be making the present 10 per cent. investment tax credit into a permanent part of the tax system. Businesses would be allowed to offset up to 90 per cent. of their taxes with the credit, and the measure itself, would, as many businessmen have urged, be permitted to be used for buildings as well as for equipment.

For the nation's tax-payers, the plan proposes across-the-board cuts with an increase in personal exemptions, a 2 per cent. cut in the 70 per cent. top rate, and a 2 per cent. cut in the bottom rate of 14 per cent. The effect of this and other measures will tilt the tax system more in favour of tax-payers with incomes below $20,000 in line with President Carter's oft-repeated commitment to lower taxes on those with relatively modest incomes. Tax-payers in higher-income brackets may find themselves paying slightly more tax.

But while business is likely to welcome these proposals, and to be relieved that the President has abandoned his plans to end special tax treatment of capital gains, it may be less sanguine about the reform proposals that are still in the package.

Agreement in Congress on natural gas prices

By David Bell

WASHINGTON, Dec. 21.

CONGRESSIONAL negotiators, who are trying to find some compromise on the controversial issue of natural gas pricing, apparently reached an agreement during the night.

No details were immediately available, but it was transmitted to the president, who will leave here to-day for Christmas in Georgia, who is now considering it. The compromise would mean it is understood, that natural gas prices would continue to be regulated, but that they would be allowed to rise much higher than previously envisaged by the administration.

The president declined to meet the negotiators in person this morning. They have been trying for weeks to reach some kind of accommodation. He may have refused because some of his allies in the House and the Senate are unlikely to approve a compromise of this kind. Senator Howard Metzenbaum of Ohio said to-day that a sharp rise in the price of newly discovered natural gas, which is what is affected in this Bill, would be bad for consumers and should be opposed.

Mr. Jody Powell, the White House Press Secretary, said that the Administration is trying to assess the "precise impact" of the agreement, and is also talking to other members of the joint House and Senate energy conference committee who were absent last night.

The agreement would, if sustained, be a major breakthrough, but the Administration is loth to see the price of new-found gas rise above the $2.03 per 1,000 cubic feet proposed by Senator Henry Jackson. Even that is some way above the level favoured by the Administration in its original energy Bill. The energy conference committee will probably meet in public to-morrow, by which time more details of what it is proposing, and the likelihood of acceptance, will be clear.

Argentine abductions

A FRENCH Socialist Party legation yesterday handed a petition to the Argentine Embassy in Paris, calling for the release of kidnapped Argentine women, Reuter reports. The petition also criticised the French Government for what it called its lack of concern.

CITIZENSHIP RIGHTS IN THE BAHAMAS

The Government wants the final say

BY NICKI KELLY IN NASSAU

THE GOVERNMENT of Mr. Lynden Pindling, the Prime Minister of the Bahamas, plans to introduce legislation that could deprive hundreds of non-Bahamians of their constitutional right to citizenship.

The proposed bill, which must also be approved by a referendum, is aimed at some 1,200 Commonwealth citizens granted "belongership" in the ten years prior to independence in 1973. Depending on the wording, however, the new law could affect many more people, including the foreign-born wives of Bahamians and persons naturalised as British subjects in the former colony.

The Government's decision to change the constitution has been widely condemned. "No other Commonwealth country in the Western hemisphere has stooped to do violence to the citizenship provisions of its constitution," says Eugene Dupuch, an attorney who is an authority on constitutional law and the Opposition's legal adviser at the independence conference.

The reason for amending the constitution is to leave no doubt that the Government of the day, rather than the courts, must have the final say on who will be made a citizen, the Prime Minister told delegates to this year's Progressive Liberal Party (PLP) convention.

"The position of the PLP Government is that, apart from born Bahamians, no one else is entitled or ought to be entitled to Bahamian citizenship as of right, unless and until the privilege of citizenship has been extended as a gift of the Bahamian people," he said.

The amending bill, due to be put to Parliament early next year, is the result of a suit brought against the Government by a 51-year-old Canadian-born businessman, Mr. D'Arcy Ryan, who is among 500 "belongers" rejected for citizenship.

The category was created in the pre-independence years to accommodate a limited number of Commonwealth citizens who could not become Bahamians so long as the Bahamas remained a colony. Granted status under the country's immigration laws, these individuals were given all the privileges of Bahamians including, until 1969, the right to vote.

Under the 1973 independence constitution agreed to by the Bahamas Government, the then Opposition Free National Movement and the British Government, those with Bahamian status were among several groups of persons constitutionally entitled to citizenship, subject to whatever "exceptions or qualifications might be prescribed in the interests of national security and public policy."

Mr. Ryan, who like the others was given no explanation for the refusal to give him citizenship, went to court. A 28-year resident of the Bahamas and married to a Bahamian, he claimed that the Minister responsible had acted "arbitrarily, prejudicially, without legal justification, contrary to the rules of natural justice and contrary to the Bahamas constitution." He had done nothing, he said, which could be considered prejudicial to the maintenance of public law and order.

The case was heard last year by a two-man panel of judges comprising Sir Leonard Knowles, the Chief Justice and a Bahamian, and Justice Samuel Graham, a Trinidadian who is one of four judges on the Bahamas Supreme Court Bench.

They both agreed that Mr. Ryan had not been given a fair hearing.

They differed, however, on the constitutionality of a section of the Bahamas Nationality Act which, after spelling out the grounds for refusal, then gave the Minister the right of rejection "if for any other sufficient reason of public policy" he was satisfied that it was "not conducive to the public good" to grant the applicant citizenship. The Act states that the Minister is not required to give a reason for either granting or refusing citizenship and that his decision is discretionary and not subject to court appeal or review.

Justice Graham, who found that the court did have jurisdiction, ruled that the disputed section of the Nationality Act was unconstitutional and that Mr. Ryan was entitled to citizenship providing he renounced his former citizenship. Justice Knowles contended that the court had no jurisdiction to make such a declaration but did refer the matter back to the Minister for a proper hearing.

Because of the judges' failure to agree on the form the court order should take, the action was dismissed. Mr. Ryan then appealed to the Bahamas Court of Appeals, which unanimously agreed last March that he was constitutionally entitled to citizenship. The Government has since appealed to the Privy Council, which has not yet set a date for the hearing.

So long as it had less than a three-quarters majority in Parliament, the Pindling Administration was constitutionally powerless to act outside the courts. In July's general election, however, the PLP won 30 of the 38 seats, giving it the number legally required to change the constitution.

The Government, which has only recently succeeded in restoring confidence in the country after a difficult period, has promised to adhere strictly to the procedure for amendment. But opponents point out that the issue goes beyond the vested rights of a small minority. "It is the first step on the road to tampering with the fundamental rights and guarantees which Bahamians have long taken for granted," the leader of the Bahamian Democratic Party, Mr. Henry Bostwick, warned.

Speaking from the pulpit to an audience that included the Prime Minister, the Anglican Bishop, the Rt. Rev. Michael Eldon, called on the Government to consider seriously the implications of its action on the cause of justice in the Bahamas and the rights of the individual. "Justice," he said, "is based on the principle that the individual person has inalienable rights and this means that man be treated as an end in himself and not merely as the means to something else."

THE BAHAMAS Government will launch an intensive campaign early next year to rid the country of large numbers of illegal Haitian and Jamaican immigrants, our Nassau Correspondent writes. The Home Affairs Minister, Mr. Darrell Rolle, said that 45 per cent. of the population growth rate between 1971 and 1976 was due to immigrants, putting a severe strain on the economy. "Unless the Bahamas deals now with its illegal immigrants, the future will be a period of unrest," he warned.

Union boycott of stores

BY OUR OWN CORRESPONDENT NEW YORK, Dec. 21.

THE U.S. Labour movement is stepping up its use of the boycott, in support of union organising activities, by planning a major offensive against Winn-Dixie Stores, the fourth largest supermarket chain in the U.S.

Authority to launch the boycott was given by the biennial convention of the American Federation of Labour-Congress of Industrial Organisations in Los Angeles last week. Since then, preparations have been made for publicity and for the mobilising of AFL-CIO and individual union officials in the southern and south-western states where Winn-Dixie operates.

Winn-Dixie has been found guilty of a number of offences over 18 years. In 12 decisions of the National Labour Relations Board, and seven judgments of the U.S. Court of Appeals, the company was found to have violated employees' rights to join a union.

Winn-Dixie employs 51,000 people in 14 states where its annual sales are approaching $4bn. Besides the boycott of the chain, the AFL-CIO is recommending 105 affiliated unions to withdraw "any and all of their investments, including pension funds" placed in the company.

UN spending criticised

UNITED NATIONS, Dec. 21.

THE UNITED NATIONS General Assembly to-day ends its annual session a day late with the world body under heavy fire from the U.S. for the way it spends its money.

The U.S. attacked the organisation's "extravagant programmes" after the UN budgetary committee last night approved a two-year budget totalling almost $1bn. The U.S. pays 25 per cent. of the budget, making it the biggest contributor.

Warning that the U.S. would in future vote against the budget, instead of abstaining, as at present, Congressman Lester Wolff told the committee: "We must restrict extravagant programmes and must reschedule the assessments of member states realistically . . . if we are to bring a sense of mutual co-operation and responsibility to this body."

The budget for 1978 and 1979 totals some $986m., almost 25 per cent. more than the revised figure of $789.5m. for 1976 and 1977.

More than $36m. had to be added to the new budget's first estimate to take account of a drop in the value of the U.S. dollar against the Swiss franc and other currencies in which the UN pays some of its bills.

Reuter

OVERSEAS NEWS

THE MIDDLE EAST

U.S. urges Begin to step up West Bank concessions

BY DAVID BELL WASHINGTON, Dec. 21.

THE UNITED STATES has quietly been putting pressure on Israel in the past few days to make further concessions to President Anwar Sadat of Egypt, particularly over the West Bank. American officials said to-day that the talks in Washington last week-end did not go quite as easily as was at first suggested. The U.S. warmly welcomed the Sinai proposals and is urging Mr. Menahem Begin, the Israeli Prime Minister, to start the withdrawal of Israeli forces from the area even before the current talks have reached any formal conclusion.

But the United States was less happy with both the substance of the West Bank proposals and the way in which they were "packaged." This concern, which has at the same time been accompanied by great American pleasure at what appears to be new Israeli flexibility, has been increased by the reactions of both King Hussein of Jordan and Saudi Arabia.

It is understood that both the Saudis and the Jordanians have been unhappy with the Begin proposals, although it is felt here that they may be somewhat happier when the full extent of the proposals emerges in public later. The chief objection appears to be that on the face of it, Israel wants to continue to station its forces on the West Bank — something even the moderate Arabs are not prepared to contemplate.

In the American view, Mr. Begin must now take much more care to stress that his proposals, which include a measure of self rule for Palestinians on the West Bank, the option of Jordanian or Israeli citizenship, and other concessions, are not the end of the negotiating process but merely the beginning of it.

On television last week-end, Mr. Begin appeared in part to have heeded that advice, but it is recognised here that for the moment at least the Israeli Prime Minister is himself constrained by the reaction of Israeli politicians to what he is proposing.

It also appears, although this cannot be confirmed, that Mr. Begin made several proposals about the Golan Heights in Washington, and suggested a partial Israeli withdrawal from the area. The Americans can be expected to have passed this on to President Assad of Syria, with whom they have been in touch, and the State Department said yesterday that it has also outlined Mr. Begin's thinking in some detail to the Soviet Union as co-chairman of the Geneva conference.

Attack on Egyptian embassy

BY IHSAN HIJAZI BEIRUT, Dec. 21.

ANTI-SADAT elements tried again to-day to blow up the Egyptian Embassy here but succeeded only in hitting an unfinished building next door.

The Moslem-dominated west Beirut where the embassy is located was shaken by the pre-dawn explosion. There were no casualties.

The explosion was followed by bursts of machine-gun fire as the Saudi guards outside the embassy opened fire on a speeding car. The Saudis are part of the Arab peace-keeping force here.

Only last night the force announced that one rocket and an explosive device were disarmed after they had been found near the embassy. The force was reported to have four other rockets trained on the embassy this morning.

The Egyptian Government had already decided to discontinue flights to Beirut by its national airline, Egypt Air. Reports from Cairo said the measure was part of precautions against possible plane hijacks.

To-day's explosion, which was said to have been caused by a rocket, came amid growing Lebanese fears of an increase in inter-Arab tensions in the wake of President Sadat's peace initiative.

Sudan was reported to-day to have indicated its desire to withdraw its forces serving with the peace-keeping troops in Lebanon when the mandate of the troops expires next April. South Yemen has already decided to pull its forces out.

Although Sudanese and South Yemeni troops do not number more than 1,500, there was concern here that Syria will be left alone in maintaining the peace along with its 30,000 soldiers forming the backbone of the Arab League force. Saudi Arabia and the United Arab Emirates are other contributors to the force.

Meanwhile, the proposals by Mr. Menahem Begin, the Israeli Premier, about the future of the West Bank has caused apprehension in Lebanese quarters because the plan apparently makes no accommodation for repatriation of Palestinian refugees living in host Arab countries.

As many as 400,000 reside in Lebanon.

Thai aircraft shot down

BANGKOK, Dec. 21.

CAMBODIAN GUNNERS to-day shot down a Thai aircraft over the border 150 miles east of Bangkok, escalating the frontier violence, reports said.

Military officers in Bangkok and at the frontier said the border situation between Cambodia and Thailand was "very tense."

The Royal Thai Air Force ov-Broneo aircraft was shot down by Khmer Rouge groundfire from inside Cambodia and crashed half a mile inside Cambodian territory.

The two pilots aboard the U.S.-made counter-insurgency aircraft both parachuted and were picked up inside Cambodia by a rescue helicopter, according to witnesses.

Field officers said the latest fighting began 10 miles south of Aranyaprathet on Tuesday, and was continuing at nightfall to-day.

The fighting was unexplained, particularly since the border in the area is well-marked.

UPI

RHODESIA'S INTERNAL SETTLEMENT TALKS

Mr. Smith bargains for the best terms possible

BY TONY HAWKINS IN SALISBURY

THE RHODESIAN Government is pressing ahead with its internal settlement negotiations amid a much-changed mood in the country. Rhodesia seems psychologically to be preparing itself for black majority rule.

This new mood clearly impinges on the settlement talks, which many people here now believe offers the best—and probably also the last—opportunity for a negotiated Rhodesian solution.

There is no guarantee that Mr. Ian Smith, the Prime Minister, and the three domestic nationalist parties taking part in the discussions will reach agreement or that there will be peace if they do so. Powerful elements, both at home and abroad, may try to undermine any deal and discredit the black "moderates" involved in the settlement talks —Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole, and Chief Chirau.

Yet a combination of factors now makes an internal settlement more possible than at any time in the past. First, there is the changed atmosphere. Secondly the Rhodesian economy is facing great difficulties. Thirdly, and perhaps most important of all, the four parties engaged in the discussions fear that if they fail, they will become increasingly irrelevant to the outcome.

If Mr. Smith cannot reach agreement this time—in particular with Bishop Muzorewa—then the way will be open for a far bloodier resolution of the dispute than the fighting already taking place, which is savage enough in terms of human suffering.

The blacks and whites sitting around the table in the red-bricked Salisbury mansion that once served as the official residence of British-appointed governors of Rhodesia do have a community of interest—that of keeping the Patriotic Front, led by Joshua Nkomo and Robert Mugabe, out of power. The aim is to create conditions in which free elections would be held in the latter half of 1978 in which the Nkomo-Mugabe partnership would be defeated should it decide to test its popularity at the polls.

Although the Rhodesian Government forces may be containing the military situation for the time being, the economic war is now going very badly indeed. This is more a reflection of the renewed slowdown in world trade, the weakness of commodity markets and prices and international inflation, than of either the war or economic sanctions themselves.

Nonetheless the combined effect is devouring 15 per cent of Gross Domestic Product to the economic and military wars, the drain of skilled manpower, either through the military call-up or white emigration (often the direct result of the war and call-up), and further twists of the sanctions screw is taking an increasing toll of the economy.

With no prospect of an early improvement in the international economic climate, the Rhodesian economy, already showing a 6 to 7 per cent. decline in real GDP this year, is entering a period of steeper decline.

There has been a sense of irreversibility about the Rhodesian situation from the moment in September last year when Mr. Smith accepted Dr. Henry Kissinger's formula for black government within two years. There never was any chance of reneging on this commitment.

All that was left to Mr. Smith, first at Geneva and subsequently in discussions with Dr. Owen and now with the domestic nationalists, was the chance to bargain for the best possible terms. It is this process which is under way in Salisbury at the present time. Mr. Smith has already conceded the principle of universal adult suffrage.

> **A combination of factors now makes an internal settlement appear more possible than at any time in the past. If Mr. Smith can't reach agreement, in particular with Bishop Muzorewa, the way will be open for a far bloodier resolution of the dispute than the savage fighting already taking place.**

The current Salisbury discussions, centring on white safeguards after legal independence, are more an argument over appearance than substance. Even if Mr. Smith manages to secure a blocking third, or quarter, or fifth of white members of parliament who would then "guarantee" white rights in respect of jobs, pensions and property, there would be nothing to stop any determined majority-rule Government from overriding these guarantees.

After all, this is precisely what Mr. Smith himself did when he declared unilateral independence in 1965. His abolition of the British safeguard is a handy precedent for any future nationalist Government, the whites are well enough aware of this, but if Mr. Smith is to emerge from the talks with a freeze on their right to his farm, he must emerge with safeguards that at least look as though they may hold for a limited period.

The blacks know this as well. But they, too, are more concerned with appearances, fearing that the militants outside the talks —the Nkomo-Mugabe Patriotic Front—will make political hay of any guarantees.

Difficult though it may be to find a way of reassuring whites about their future while avoiding a situation in which moderate blacks can be branded as "sell-outs," the present talks are unlikely to founder on this issue.

The Rhodesian leader's recent pronouncements on majority rule underline a changing—and already much-changed—domestic situation. While much of the apparatus of Rhodesian race discrimination remains unchanged, the ruling Rhodesian Front has done more in the past year to reduce discrimination than in its previous 14 years of power. Today there are black officers (admittedly only very junior ones) in the forces; a black magistrate (the first) sits on the bench in Salisbury; and black prosecutors operate in the courts at most levels.

These changes have all come about in the past year. Two years ago the public service was most reluctant to take on blacks, except in professional postings such as education and health. The Ministry of Internal Affairs would not sponsor black students at the University of Rhodesia as cadets for district officer training. To-day all this has changed, with a large number of black undergraduates training for administrative posts in the public service.

In the past year too the Ministry of Commerce and Industry and the Ministry of Foreign Affairs have both moved to employ blacks in administrative positions. Last week the first two black chartered accountants passed their professional examinations. This year black businessmen have been appointed to the board of the Reserve Bank of Rhodesia, the central bank, as well as to the boards of major groups like Rio Tinto (Rhodesia).

It is accepted that there is still a great deal to be done especially in the fields of urban residence, education and health, before the country approaches a non-racial society. The point is that after 14 years of moving to tighten race laws, Rhodesia has suddenly changed direction very sharply indeed.

It is difficult not to be cynical about this process. It would never have happened without the war. Companies and Government departments who to-day are preening themselves on their non-racial image and queuing up to employ black graduates should not be allowed to forget that two years ago they could not have cared less.

But changes are taking place and the progress that has been made in the recent past is the outward and visible sign of the far-reaching change to which the country is so obviously moving.

Ethiopia takes the offensive in Ogaden

By James Buxton

ETHIOPIA appears to be counter-attacking on a large scale in the Ogaden war against Somali forces. Addis Ababa radio claimed yesterday that its forces had wiped out large numbers of Somali troops near the strongholds of Dire Dawa and Harar which are still in Government hands.

The Government communique gave few details, but said that mortars, rifles, vehicles and ammunition had been captured in the engagement, which took place on Sunday.

Meanwhile diplomats in the Ethiopian capital said yesterday that Eritrean guerillas had retreated from the Red Sea port of Massawa in Eritrea after fierce street fighting.

The city was reported quiet, and the guerillas of the Eritrean Popular Liberation Front (EPLF) who last week claimed to have taken large sections of the town, had moved to positions three miles outside it.

The Ethiopian claim of successes in the Ogaden follows reports from diplomatic sources that an Ethiopian counter-attack was getting underway. Since the war began in July, Somali forces have taken control of almost all the Ogaden region of eastern Ethiopia, but have been unable so far to capture the strongholds of Harar and Dire Dawa.

Two factors appear to have made an Ethiopian counter-attack possible. One is that Lt.-Col. Mengistu Haile Mariam, the head of state, appears to have answered some of the army's grievances, which caused a mutiny in September as a result of which a vital pass in the Ogaden was abandoned with little fighting. Better pay and grants of land to soldiers are understood to have been agreed, and are said to have led to improved morale.

Secondly, the Soviet Union has been pouring in arms, ammunition and MIG aircraft on an enormous scale over the past few months.

Gandhi fails in bid to capture party

By K. K. Sharma

NEW DELHI, Dec. 21.

FORMER PRIME Minister, Mrs. Indira Gandhi, has suffered a further political setback. She has failed to capture the Congress Party leadership from her two opponents, Mr. K. Brahmananda Reddy, the party president and Mr. Yashwant Rao Chavan, the Lower House opposition leader.

Mrs. Gandhi badly wants a forum in which she can be regarded as the supreme leader, in order to protect herself from the onslaughts of the Janata government, particularly the Shah Commission which is investigating the excesses of the "emergency." At present, she is only one of the many leaders in the Congress Party, being a member of the party's highest policy-making body, called the working committee.

Yesterday, Mrs. Gandhi's supporters staged a showdown to prove that the former Prime Minister still commanded majority support in the party. But gatherings at two places, including her New Delhi home, proved that she can count on only a handful of members of the Working Committee or of MPs or of members of the All India Congress Committee, the party's largest deliberative body.

Mrs. Gandhi's power has declined gradually since last May when, even after her election defeat, she was still so powerful in the party that her nominee, Mr. Reddy, was elected as party president. In October, however, the party ignored her notice of requisition to dislodge Mr. Reddy.

Now, Mrs. Gandhi is seeking peace with her party opponents and has appointed one of her colleagues, Mr. Kamalapati Tripathi, the former Railways Minister, to negotiate the terms.

Fraser sacks Minister

By Kenneth Randall

CANBERRA, Dec. 21.

THE AUSTRALIAN Prime Minister, Mr. Malcolm Fraser, has "sacked" a junior minister in his government whose pro-apartheid statements this week have generated wide controversy.

Senator Glenister Sheil, a National Country Party member from Queensland, was named minister for veterans' affairs (looking after ex-service personnel and their dependants) in the new government announced on Monday.

The portfolio ranked 28th in the ministry—the most junior position. Senator Sheil was not sworn-in with other ministers yesterday because the present ministers of state act provides for only 27 ministers. It was to be amended to cover the expanded ministry when parliament meets in February.

Mr. Fraser announced to-day, however, that Senator Sheil's appointment would be inappropriate and he would not proceed with it. A replacement will be considered some time next month.

Senator Sheil's views on racial policies and Southern Africa have been widely ventilated ever since he entered parliament. He repeated them in several press interviews after the announcement of his ministerial appointment, including one on the lawns of Government House while other ministers were being sworn-in.

Mr. Fraser's office issued a statement to-day saying that the Prime Minister reaffirmed the Government's complete opposition to apartheid.

WORLD TRADE NEWS

SOUTH AFRICA FRUIT AND WINE

The EEC barriers go up

BY JOHN STEWART IN CAPETOWN

THE FULL weight of European Community trade restrictions will make itself felt against South African fruit and wine exporters as the last remnants of Britain's Imperial preference disappear at the end of the month when the U.K. completes the five-year transition to full membership of the EEC.

Not only will South Africa's traditional farm exports of wine, fresh and canned fruit be up against the full European Common External Tariff (CET), they will also, so far as the U.K. is concerned, have to negotiate a minefield of non-tariff protective systems.

And should Spain, Portugal and Greece join the Community, the competitive advantage their products currently command over South Africa's will increase further, leaving South Africa with only a seasonal advantage in respect of fresh fruit.

Optimists may take heart from the resumption of Tokyo round multi-lateral trade negotiations in Geneva next year, but on past form any benefits negotiated by the South African team are unlikely to be implemented much before 1979.

The process of compiling request and offer lists is due to be completed soon, and serious negotiations are scheduled to open on January 15. Doubts, however, exist on whether the Europeans will be ready by then.

Trade officials in Pretoria will say no more about the talks than that South Africa is seeking "substantial reductions" in the EEC barriers against its fruit, wine and canned goods, as well as modifications to non-tariff barriers.

Concessions won from the Europeans will, of course, have to be matched by compensatory concessions in respect of EEC exports to South Africa.

In a good year, deciduous and canned fruit from the Cape are capable of foreign exchange earnings in excess of R200m. Wine, an uncertain, falling commodity adds another R4-R5m., and combined earnings in 1977 look like having exceeded R220m., thanks to a sharp, though late, recovery in the fortunes of fruit canners.

Of the three major export commodities, only deciduous fruit (because of seasonal differences with Europe) appears to be in a position to overcome the harsher side of EEC protectionism. But even this may be an illusion, helped along by successive short crops in Europe which have made non-tariff barriers irrelevant. A couple of fat apple crops in France will rapidly bring disillusionment.

EEC tariffs are 7 per cent. on pears, 6 per cent. on apples, 25 per cent. on apricots, 22 per cent. on peaches, 18 per cent. on grapes, and 10 per cent. on plums.

In addition the EEC Commission may impose restrictions on the quantity of fruit delivered and the period of such deliveries, or both. It may impose reference prices, too, if it fears European producers may in any way be at a disadvantage to third country imports.

Because of the 1977 crop failure the EEC Commission has just announced that the CET in respect of apples has been reduced from 14 to 6 per cent. on the offerings of third countries in the northern hemisphere. This concession will remain in force until the end of January. It remains to be seen whether it will be extended to southern hemisphere producers.

At this stage, the Cape fruit crop looks promising, although peaches and plums took a beating in recent gales. The apple and grape crops look good, according to Deciduous Fruit Board officials, but it is too early to determine what kind of export showing farmers will make next year.

The century-old British export market for South African wine growers is on a downslide. Since 1805 the market has been built on fortified wines which always found ready buyers because Imperial Preference worked against the wines of Portugal and Spain. These products will soon enter Britain duty free, but if their price advantage were the only problem Cape winegrowers would doubtless find a way of overcoming it.

The EEC's Wine Office has far more subtle ways of protecting its winegrowers, the only agricultural producers who would seem to need protection against third countries. The most insidious of these are reference prices, exemption from which cannot be obtained unless the third country exporter complies with Europe's stringent system of delimitation of wines of origin.

This it has been trying to do for five years, without progress, having relied on vague promises instead of negotiating compensatory treatment in 1973 when Britain finally decided to go into Europe and it became clear that Imperial Preference would disappear.

The volumes involved are low (about 9m. litres realising R4m.-R5m. a year) but are nevertheless important to the 5,000-odd wine farmers.

Consumption of natural wine has been falling 7 per cent. a year since 1974, due largely to the fact that low-priced wines have become price sensitive and without ready export markets to take the pressure off, it is conceivable that South Africa will soon be sitting on a wine lake of her own.

BAC jet short-listed for £120m. Japanese order

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Dec. 2[1]

BRITAIN'S BAC One-Eleven 670 shorthaul jet airliner is one of two surviving candidates for an order expected to run to 20 aircraft worth a total of some £120m. which should be placed by Japan's Toa Domestic Airways.

The remaining candidate, a modified version of the Douglas DC-9 which has yet to be built, would probably cost substantially more than the One-Eleven although McDonnell Douglas is understood to be making efforts to bring the price down by developing a market for the aircraft outside Japan.

When Toa started investigating possible aircraft to succeed the Japanese-built YS-11 on its domestic feeder services, early this year, three aircraft were originally identified as possible choices. The third candidate, the Fokker F-28, is nominally still in the race but is understood to have been effectively discarded from Toa's range of options because of its inability to cope with winter landing and take-off conditions in Japan.

Both the One-Eleven and the modified DC-9 are said to have drawbacks from the Japanese company's point of view—the main one being that seating capacity is less than the airline originally desired. However, British Aerospace was asked to submit a formal sales offer for the One-Eleven at the beginning of December, a move which would imply that Toa is now satisfied with the aircraft's performance.

The request for a formal sales quotation came after British Aerospace had developed and demonstrated new technology to reduce the One-Eleven's noise levels. Noise reduction is a major problem from Toa's point of view, because of stringent ceilings in force at Japanese domestic airports (particularly at Osaka, the second largest city in Japan and the destination of many Toa feeder services).

The other main requirement which the One-Eleven had to meet was ability to take off from or land on runways of 1,200 metres. Toa has apparently been satisfied on this count although the One-Eleven still has to pass Japan Civil Aviation Board tests.

Toa originally intended to complete its technical and cost evaluation of all three aircraft available as YS-11 replacements by the end of 1977, with a view to starting actual purchase negotiations early in 1978. This timetable was geared to the planned introduction of new aircraft in 1980, by which time traffic on Toa's feeder routes is likely to have grown far beyond the carrying capacity of the present YS-11 fleet.

A spokesman for the airline said this week, however, that technical evaluation will not be complete by the end of the year (in part, apparently, because McDonnell Douglas is not yet in a position to quote a firm price for its aircraft). The possibility exists, although Toa itself has not confirmed this, that a final decision between the DC-9 and One-Eleven could be delayed until Toa has placed another important order—for a wide-bodied short-haul airliner to serve its domestic trunk routes.

Toa is said to be showing strong interest in the European Airbus A-300 as a candidate for its trunk services. The advantage of buying the A-300, apart from the aircraft's apparent suitability for the role Toa has in mind, would be that the EEC has [been] pressing strongly for the [pur]chase as a move to offset Ja[pan's] huge trade surplus with Eu[rope].

However, it appears that [Toa] might hesitate to place two [major] aircraft orders at the same [time] with European rather than [U.S.] manufacturers. Thus the [A-300] and the One-Eleven may [in] effect, be competing with another to secure the "Euro[pean] share" of Toa's next rou[nd of] aircraft purchases.

Outside Toa itself, the [One-]Eleven has strong support [in] Japanese business circles w[here] the belief is that a big air[craft] order would do much to re[duce] the current trade friction [be]tween Japan and the [EEC]. Attempts to lobby comp[any] authorities on behalf of the [One-]Eleven, however, have no[t al]ways met with success.

On a recent visit to T[oa] the Japanese Ambassador [in] London, Mr. Kato, requeste[d an] interview with the Minist[er of] Transport to discuss the [One-]Eleven's chances. The Min[ister] declined the request and Kato had to be content with [meet]ing a senior official in the [Min]istry.

USAF to buy DC-10

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL Douglas Corporation has won the competition to provide the U.S. Air Force with a new Advanced Tanker Cargo Aircraft (ATCA), with a modified version of its DC-10 three-engined airliner.

The initial contract is worth $28m. (over £15m.) for the start of production engineering and other activities, but eventually the U.S. Air Force is expected to buy at least 20 DC-10s, worth over $300m.

By providing improved aerial refuelling and cargo airlift capability to the USAF, the DC-10 in its new role will contribute to U.S. air mobility, permitting combat forces to be flown to any trouble spot in the world without relying on bases en route.

The non-stop range of the ATCA DC-10 will be 4,370 statute miles with a maximum payload of 170,000 lbs. The aerial refuelling capability of the ATCA will also nearly double the stop range of a fully-loaded strategic transport aircraft.

Both Boeing and Lock[heed] were fighting for the U[SAF] order, with their 747 Jumb[o] and Tri-Star aircraft.

Meanwhile, Yemen Airw[ays], the national airline of the Ye[men] Arab Republic, is to buy six [new] Boeing jets—five 727-200 tr[i-jets] and one advanced Boeing [737] twin-jet. The aircraft are [for] delivery between September [and] December, 1979, and are [esti]mated to be worth over £[...]. This deal will bring the num[ber] of Boeing 727s ordered to [date] up to 1,488, and Boeing 737[s to] 537 aircraft.

● IAS Cargo Airlines of the [U.K.] has bought a fourth McDon[nell] Douglas DC-8 freighter airc[raft] from CP Air of Canada, [for] introduction in service in F[eb]ruary, 1978.

BL-Saab Canada project

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

LEYLAND International, the overseas marketing subsidiary of British Leyland, will begin selling the Saab 99 model in Canada next month. This is the British company's first move into the field of joint marketing overseas, which many observers see as a fruitful area for the development of European companies in the future.

The agreement with the Swedish-based Saab-Scania, whose car division has been losing money recently, means that Leyland's 120-strong dealership network in Canada will now be available to sell the Saab vehicles.

A special division for Saab will be created within Leyland's existing organisation, although not all the dealers will automatically sell the Swedish company's range. Saab at present has 41 retail outlets in Canada selling about 1,000 cars a year.

The deal follows British Leyland's recent collaborative agreement with Renault, the State-owned French company, which could lead to the joint design of components and similar manufacturing arrangements.

It has been suggested that this in turn could bring marketing agreements under which Renault could sell the Leyland prestige range overseas, and Leyland some of the Renault range.

Saab has also moved into other joint ventures recently, mainly with an agreement to sell Autobianchi and Lancia cars (both made by Fiat subsidiaries), in Scandinavia.

The Swedish company has also got a 12 per cent. interest, alongside British Leyland with a similar stake, in the Finnish Sisu automotive company, in which the Finnish Government holds the remaining 76 per cent.

In addition, Saab has strong technical links with Leyland, which through its Triumph subsidiary designed the slant four engine which after modification, goes into the Saab 99 range. The same engine is used in the Leyland Dolomite models.

In Canada, Leyland believes that the deal makes sense because the Saab model, basically an executive-type car, will complement its own small range of MG and Triumph sports cars.

EIB loan for France

LUXEMBOURG, Dec. 21.

A LOAN of Frs 334.5m. (abo[ut] £37.8m.) for 15 years at a 9.[..] per cent. interest rate, has [be]en granted by European Investme[nt] Bank (EIB) to Caisse Nationa[le] des Telecommunications, Paris, for the modernisation a[nd] extension of the internation[al] telecommunications system [in] France.

Announcing the loan, EIB sa[id] the funds would be used by [the] Administration des Postes [et] Telecommunications (PTT) [to] increase by about 55 per ce[nt] the number of international [and] intra-Community telephone li[nes] in France and make autom[atic] dialling available for all in[ter]national calls.

Meanwhile, Societe Sainra[pt] et Brice and Grands Travaux [de] Marseille will build a $46m. [...]room luxury hotel at Mana[ma] Bahrain, for the United [...] (Bahrain) Company. Finan[ce] has been arranged by a ban[k] syndicate led by Banque W[orms] of Paris. It involves a med[ium] term credit of $20.5m. and [the] remainder in the form [of] buyers credit.

Agencies

Indo-Yugoslav shipyard deal

BY K. K. SHARMA NEW DELHI, Dec. 2[1]

YUGOSLAVIA is to build the next shipbuilding yard in India which is to be located either at Paradip in Orissa State or Hazira in Gujarat State. Details of the contract are still to be worked out, but indications are the project will use surplus capacity in Yugoslavia and this could involve transfer of equipment from existing shipyards in that country.

A British company, Appledore, is making a study on the best site for the shipyard. A report is expected shortly.

The Government's decision to award the shipbuilding yard contract to Yugoslavia was announced during the first meeting of the India-Yugoslavia Joint Business Council which ended its two-day session to-day after identifying areas of co-operation.

Apart from deciding to increase shipping cooperation, including greater use of Indian ships for transporting cargo to Yugoslavia and Czechoslovakia, the Yugoslav side agreed to arbitration on differences on a large railway wagon deal ent[ered] into some years ago.

It was agreed there was s[cope] for collaboration in the field [of] shipbuilding, fishing, silos [and] grain storage, power genera[tion] equipment, chemicals, mac[hine] tools, tractors and tractor eq[uip]ment and electronic items.

A subcommittee is to be [set] up to study collaboration in t[hird] countries and joint tending [for] international contracts. Spe[cial] mention was made of opport[uni]ties in Africa and west Asia.

Hong Kong textile offer

HONG KONG, Dec. 21.

THE Hong Kong Government has proposed to Norwegian authorities that Hong Kong should unilaterally limit its exports of certain textiles to Norway during the period from January 1 to March 31 next year because talks between representatives of the two governments broke down here last week.

No announcement was made as to any initiatives with respect to Sweden, involved in parallel negotiations that also broke down.

Talks on a new textile agreement with Sweden and Norway were suspended last week because the two countries were demanding large reductions on current restraint and trade levels for 1978.

Mr. Lawrence Mills, Hong Kong's director of Trade, said after the suspension that the average reductions the two countries were seeking "vary between 20 per cent. and 40 per cent."

Mr. Mills warned that because of the failure of the talks, "the possibility of unilateral import measures by Norway and Sweden cannot be ruled out." The agreements now in force expire at the end of this month.

However, he said, Hong Kong is ready to resume negotiations with the two countries

AP-DJ

MAN licence for Hyundai

Maschinenfabrik Augsbu[rg] Nuernberg (MAN) has c[on]cluded a 15-year deal w[ith] Hyundai Shipbuilding [and] Heavy Industries of So[uth] Korea under which Hyund[ai is] licensed to build and mar[ket] some of MAN's engines, Re[uter] reports from Augsburg.

The agreement covers two-stroke and four-str[oke] engines used both as main [and] auxiliary engines for ships [as] well as for stationery eq[uip]ment. Hyundai will open a [new] factory next ye[ar] to pro[duce] the engines.

Austria welcomes EEC steel plan

LINZ, Dec. 21.

AUSTRIA'S nationalised steel industry welcomed the decision by EEC foreign ministers to curb imports of cheap steel into the Community during the first quarter of 1978.

Voeest Steel Company, which is exporting an estimated 900,000 tonnes of steel to the EEC this year, said the move was needed to restore order to Europe's swamped steel markets.

The measures—which will penalise steel shipments "dumped" on EEC markets at below cost prices—should work successfully to eliminate competition from cheap steel imports.

Industry officials said Austrian steel exports should not be adversely affected by the EEC move.

Reuter

Tunisian rail order

Stone-Platt Electrical has [won] a contract worth £500,000 [to] supply air conditioning eq[uip]ment to the Hungarian [Rail]way coach-builders [...] Mavag, our Transport Co[rres]pondent writes. The s[...] of equipment will be inst[alled] in trains being supplied by Hungarians to Tunisia and Stone-Platt contract co[ntains] provisions for training T[unis]ian railway maintenance [staff] at its Crawley works.

HOME NEWS

Price Commission probes attacked at CBI meeting

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

STRONG criticisms of the operations of the Price Commission, coupled with qualified optimism about the progress of phase three of the country's pay policy, were voiced yesterday at the monthly meeting of the CBI council.

At the same time, CBI leaders reported that they have cautioned the Government over its approach in Rhodesia, and they have also backed proposals for the concept of international rules on extortion and bribery in business transactions.

This broad agenda for the council meeting marked the end of Lord Watkinson's period as president of the CBI, a post which is being taken over at the end of this month by Mr. John Greenborough, deputy chairman and managing director of Shell U.K.

The concern about the operations of the Price Commission, under its new chairman, Mr. Charles Williams, was expressed by several industrialists during the council meeting. One member of the council said Mr. Williams was running an "arbitrary form of star chamber." There were further complaints about the wide ranging and rapid inquiries it has been carrying out into company activities. The CBI is asking its members to send it information about how their affairs are handled.

On pay the CBI has reports in its data bank of phase three pay deals covering 1m. people of which 79 per cent. are for less than 10 per cent. with a further 21 per cent. in the 11 to 15 per cent. range. The results also show that the 12-month rule is being generally accepted.

But while the CBI regards this as encouraging, it is still concerned that 10 per cent. is now the pay norm and that "when wage drift is taken into account, this could mean employment costs rising by 13 to 14 per cent. over this pay year."

It has yet to take firm views on the value of self-financing productivity deals and its overall conclusions are tempered by the fact that only a relatively low number of deals have been struck so far in this phase.

During the past week the CBI has had a number of meetings with various senior Government Ministers, including the Prime Minister, with whom they discussed a range of issues including the progress of the country's inflation problems.

It was during this series of talks that they urged Dr. David Owen, Foreign Secretary, to adopt a "quiet" approach in Rhodesia. The CBI was concerned about the general future prospects for U.K. investment in southern Africa and wanted a stable and "properly constituted" Government to emerge in Rhodesia so that industrialists from Britain could return there to help rebuild its economy. Otherwise, the CBI feared that competition would grow there, as elsewhere, from countries like Japan.

It also spelt out general fears to Dr. Owen about the growing impact on U.K. businesses of competition from countries such as Japan and South Korea and urged that other EEC countries should be alerted by the British Government to the problems involved.

On bribery, the CBI is to have talks with the Government on an international code.

Mr. John Methven, CBI general, said the CBI was "totally behind the idea of a code" put forward in recent International Chambers of Commerce report. One country should not push ahead of others on such matters of international business, and he expressed concern about the impact on U.K. businesses of U.S. laws.

Ashley Ashwood

Mr. John Greenborough, deputy chairman and managing director of Shell U.K. (left), with Lord Watkinson, who he will succeed as president of the CBI on January 1.

Building upturn tailed off in October

Building Correspondent
By Michael Cassell,

THE SHARP upturn in construction industry orders recorded in September was not continued into October, according to provisional figures released by the Environment Department.

During October, contractors won business worth £618m. at current prices, a fall of £71m. from the previous month and only slightly higher than levels achieved in July and August.

Expressed in constant price terms, the industry's new orders in the latest three-month period begin to look more encouraging. In the August-October quarter, total new business was 5 per cent. up on the previous three months and 2 per cent. higher than during the same period last year.

Nevertheless, the industry's total output during 1977 is thought to have fallen by as much as 10 per cent. from 1976 levels.

Prospects for next year seem a little brighter, however, and some previous forecasts of a further fall in output have been revised to show an expected increase.

The Building and Civil Engineering Economic Development Committee says it anticipates a 2 per cent. rise in orders next year, followed by a 3 per cent. increase in 1979, the most optimistic set of projections on the industry for some years.

Imported cars likely to boost market share

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR IMPORTS in the U.K. will increase their market share from about 45 per cent. this year to 50 per cent. in 1978, according to a new forecast by the Economist Intelligence Unit.

At the same time, the EIU predicts that the British market will expand to 1.4m. units, a rise of 6.8 per cent., with Ford remaining market leader on a 29 per cent. share.

The EIU forecast, contained in its annual Motor Business review of the industry, follows the general lines of the views which have been emerging from the British manufacturers over the last few weeks.

Most official sources, however, say that car imports are more likely to decline than go up, a point which is very difficult to judge since it depends partly on whether the multinationals increase their supplies from Continental plants, and partly on whether British Leyland's market share slips any further.

The EIU forecasts that Leyland's share will drop still further from its 24 per cent. mark this year to 22 per cent. in 1978. This is mainly because the company's mid-range cars are becoming increasingly unattractive, while doubts are also expressed over the effectiveness of competing with a hatchback—the Rover 3500—in the executive market.

Despite these problems in the U.K. market, car production will rise by 11.5 per cent. next year to 1,450,000 units. All of this extra production, it says, will go into exports, which will rise by 20 per cent. from 570,000 units to 685,000.

Leyland's output is forecast to increase by 6 per cent. to 673,000 units, Ford's by 16.5 per cent. to 460,000, and Chrysler's by 28.1 per cent. to 205,000. But Vauxhall's production will stay static because Viva and VX output will go down as the Chevette increases.

The EIU also believes that the Japanese market share in Britain will go up from its present 10.8 per cent. to 12 to 13 per cent., which "is just about politically acceptable."

Qualified accounts 'lower than in U.S.'

Financial Times Reporter

THE PROPORTION of company accounts qualified by auditors is lower in Britain than in the U.S. and Canada. This is shown in an analysis of company reports by the Accounting Standards Committee, which also demonstrates that relatively few of the qualifications of British accounts are based on accounting technicalities.

The study was prepared following claims that too many qualifications were concerned with immaterial items and technical breaches of accounting standards, and that the significance of a qualified audit report had been lost.

The researchers examined 176 qualifications and found that only 39 were related to accounting standards or generally accepted accounting principles. Of the latter, 17 were concerned with deferred tax.

Iran arms payments denial

FINANCIAL TIMES REPORTER

LT.-COL. DAVID RANDEL, 41, of Aldershot, former signals adviser to the Defence Ministry, denied at the Old Bailey yesterday that he had ever paid money to Iranian Government officials to help the Racal Electronics Group win a £4m. arms equipment contract in 1972. He told the jury: "It has never been suggested by them or anyone else that I should do so."

The Lt.-Col., who has pleaded not guilty to corruptly taking nearly £25,000 from two former Racal company executives to influence the Iranian contract, said it was vital to sell the equipment to Iran in the interests of future British exports.

He made his statement—without going into the witness box—after the other two defendants, Mr. Frank Nurdin, 61, and Mr. Geoffrey Wellburn, 41, had alleged in earlier evidence that any money which had been passed to Lt.-Col. Randel was in the belief that it was meant for "middle level" Iranian officials.

Redundancy incentive at Herbert

By Arthur Smith,
Midlands Correspondent

ALFRED HERBERT, the State-owned machine tool company, is to offer lump-sum payments of £80 a head in workers volunteering for redundancy at Edgwick, its main Coventry plant. The cash is in addition to normal redundancy terms.

Agreement has been reached with the unions to seek 300 redundancies in this way from January 6. However, shop stewards are resisting a plan to close down part of the plant, which would result in the loss of another 150 jobs by the summer.

The two-stage rationalisation scheme will cut capacity at Edgwick, where 1,760 workers are employed, by 25 per cent. The objective is to move up into more sophisticated machinery and to raise productivity and profitability. Edgwick produces a range of turning machines from simple lathes to numerically controlled equipment.

Herbert's policy underlines the problems of the machine tool industry, where a large number of companies are still operating at only 75 per cent. of capacity. Although the most recent statistics from the Department of Industry indicated that orders were up and that the sector was moving out of its prolonged recession, recovery remains patchy.

Marketing studies for Edgwick suggest demand is unlikely to improve for at least two years. Stocks are already high, and the company has warned that to maintain output would pose the risk of having to halt production altogether.

Mr. Ron Doughty, the plant convener, insisted last night that the company would come to regret its decision to allow skilled workers to leave. Two joint management/union committees have been set up to seek agreement on the plans to close part of the plant.

Scots benefit from jobs programme

By Our Labour Staff

ALMOST a third of the £166m. allocated to Britain's job creation programme has been spent in Scotland, it was announced in Glasgow yesterday.

Dr. Dan Docherty, of the Manpower Services Commission, claimed that the scheme, which ends at the end of this week, had been a great success. As a result of it, many young people had found jobs as apprentices.

Oil refining target 'costly'

BY KEVIN DONE

IF THE Government were to insist on up to two-thirds of North Sea oil production being refined in the U.K. — in line with current policy — it could cost the country as much as £163m. a year by 1980, according to a new study.

In its latest North Sea report, Wood Mackenzie, the Edinburgh-based stockbrokers, says the Government's present policy on refining North Sea crude is "misconceived."

At present, North Sea oil is supplying about 22 per cent. of refinery throughput. As more North Sea fields are brought into production this proportion is expected to rise to between 35 and 40 per cent.

This would be the level at which U.K. demand for products could be met at the lowest cost.

North Sea oil is generally more highly valued than Middle East grades because of its better quality and lower sulphur content. To meet current U.K. demand a refinery mix of about 35 per cent. low sulphur and 65 per cent. high sulphur crude is required, says Wood Mackenzie.

Government policy requires that up to two-thirds of North Sea oil production be refined in the U.K. In the context of U.K. demand this would be wasteful given the surplus refining position in Europe."

Wood Mackenzie says the balance of North Sea crude should be exchanged for imports of cheaper grades, implying a higher level of imports than is generally expected.

Concern has been expressed in Parliament recently about the high level of U.K. oil exports, which in the past 12 months have averaged 39 per cent. of production.

In the light of these levels of exports, the Department of Energy is not enforcing the official policy strictly, Wood Mackenzie says.

Energy policies attacked

FINANCIAL TIMES REPORTER

A STRONG attack on the Government's energy policies and the increasing state control of North Sea oil and gas production has been launched by Professor Colin Robinson, Professor of Economics at Surrey University.

Writing in the oil quarterly prepared by stockbrokers Grieveson, Grant, Professor Robinson says the idea that government intervention will be far-sighted and benevolent needs to be regarded with great scepticism. "It seems naive to believe that people in the private sector are self-interested whereas those in the public sector are altruistic."

He makes a plea for market forces to be allowed greater play and claims that no case has been made for the amount of central regulation of North Sea oil and gas which already exists, still less for increasing control.

Professor Robinson's views fly in the face of policies pursued by most of the countries which are developing their own resources of energy. He accepts that his ideas are unlikely to have much impact on Government thinking.

In the same article, Professor Robinson describes a rival academic commentator on the oil scene, Professor Peter Odell, a strident critic of the oil industry and a consultant to the Department of Energy, as belonging to "the eccentric fringe."

U.K. given £12.9m. EEC aid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A FURTHER £12.9m. has been allocated by the European Regional Development Fund towards industrial and infrastructure projects in the U.K. Half of the money, £6.56m., goes to Scotland.

The intention of the fund is to aid projects financed by public authorities which are directly linked with the development of industrial activities. These projects have to be in the assisted areas and national priority areas have first call on the money available.

The grants made—although attached to specific undertakings—actually go to the Treasury since it, or another government department acting on its behalf, will already have assisted the projects financially.

In Scotland, for instance, a £3.3m. grant has now been made towards work undertaken at Cummins Engine plant at Shotts and another £3.1m. provided towards a whisky-blending, bottling and distribution complex in Glasgow.

Wales has received £2.5m. towards a number of projects, among the largest of which are three schemes in Merthyr Tydfil totalling £107,000, and £100,000 for the Welsh National Water Development Authority, most of it going towards a sewerage scheme in the Sirhowy Valley.

Slightly more, £2.7m., has been allocated to England and another £1.1m. has been set aside for Ulster. The English total covers 35 projects, all of them in the three northern regions—North, North West and Yorkshire and Humberside.

The English projects include aid to Plessey at South Shields, the Royal Hotel in Scarborough and BICC in Prescot on Merseyside. In Ulster, Viking Manufacturing—a bicycle makers in Londonderry—Hughes Tool and three hotel undertakings have been assisted.

In the three years since 1975 the U.K. has received £150.37m. from the regional fund, of which £67.3m. has gone to projects in England, including £44.53m. to the Northern region.

Scotland has received £38.1m., Northern Ireland £23.1m. and Wales £21.07m. The total received by the U.K. is the maximum allowed in the period.

Defence staff move row

BY DAVID CHURCHILL

ANOTHER STEP in the Government's controversial plans to disperse part of the Civil Service to the regions was taken yesterday when Mr. Peter Shore, Environment Secretary, confirmed a compulsory purchase order for new offices near Cardiff to house some 5,000 Ministry of Defence staff.

The offices will be built at St. Mellons and should be finished by 1983. But the proposed dispersal is being bitterly contested by most Civil Service unions, and especially staff in the Ministry of Defence, which is also moving to Glasgow.

Mr. Shore's decision also brought an angry reaction yesterday from Plaid Cymru, the Welsh nationalist party. It accused the Government of a cover-up by timing the announcement during the Parliamentary recess and refusing to hold a public inquiry.

Mr. Dafydd Williams, Plaid Cymru's general secretary, said that there was little likelihood of extra local employment when the move took place. He intended to ask the party's MPs to repeat demands for a full public inquiry when Parliament reassembled after Christmas.

HOME NEWS

EEC deal may boost textiles investment

BY RHYS DAVID

BRITAIN'S TEXTILE industry may be encouraged to increase its investment in more modern and efficient plant, industry leaders forecast yesterday. This follows the successful outcome of EEC negotiations with leading supplier countries.

Though the industry has yet to receive full details of the new agreements, which will be incorporated into the multi-fibre arrangement running from the beginning of next year, there is relief that the EEC will not now be going it alone with a series of bilateral deals but will be conducting its trade in textiles within an international framework.

There is also relief that Britain has been able to protect its interests within the EEC framework and has not been obliged to attempt short-term unilateral action of its own.

The industry is not expecting full information to emerge much before the first week of next year concerning the exact quotas offered to developing countries. But the tough line taken by the EEC during the talks will ensure that, for most products, growth rates over the next five years will be held within an overall 6 per cent. limit as against the 15-20 per cent. a year growth rate of many products during the life of the first MFA agreement.

The greater degree of stability should, according to industry leaders, provide conditions in which companies will be able to plan for the future. "Providing the policing and surveillance are right, there should be more investment by companies which have been holding back because of uncertainty," Mr. Robert Lloyd-Jones, director of the British Textile Employers Association, said yesterday.

Concessions

The industry has expressed some reservations, however, over certain aspects of the package ratified yesterday by the Council of Ministers in Brussels. In particular, Mr. Lloyd-Jones warned that possibly 1,000 jobs in the Lancashire cotton sector could be lost as a result of concessions.

In negotiations with four leading suppliers, the Commission has made concessions which will result in the U.K. receiving an extra 2,000 tonnes of cloth over 1976 levels and 1,000 tonnes more yarn. The mandate originally specified a reduction in cloth imports and a standstill in yarn imports.

The industry appears willing to accept that some concessions were inevitable in order to achieve agreement in other areas, and the British Textile Confederation has admitted that settlements reached for other highly sensitive products appear to be reasonable.

The Clothing Manufacturers Federation has also expressed broad satisfaction with the outcome, though its secretary, Mr. Gerald French, said yesterday that there was now more uncertainty over what had not been agreed than over what had been agreed.

The clothing and textile industries are both anxious that the uncertainty which surrounds the understanding reached with the Mediterranean associate countries should be cleared up together with doubts over the measures that will be taken to deal with newly emerging suppliers.

Clarification is also being sought on the effectiveness of the surveillance system, which is to be set up at Community and member State level, and over trade deflection—the switching of production from one country to another to avoid quotas.

Ulster morale high says Callaghan

BY OUR BELFAST CORRESPONDENT

MR. JAMES CALLAGHAN, the Prime Minister, flew to Ulster yesterday for a surprise Christmas visit. Despite strict security, he was able to talk to people in central Belfast.

Much of Mr. Callaghan's brief visit was taken up by meetings with the security forces and Ministers at the Northern Ireland Office.

After a walkabout in the carefully guarded Belfast city centre, he said that the morale of the Provisional IRA was on the wane, but warned: "The wasp can still sting."

Mr. Callaghan added: "There is only a small minority of people left in this country who do not want peace.

"The morale of the decent, ordinary people of Northern Ireland has definitely improved since I was last here 18 months ago, and, correspondingly, the tiny band of terrorists, who are left, are losing heart."

The Prime Minister paid tribute to Ulster's people as "versatile and hard-working, a point underlined by your production levels throughout the troubles, which have been consistently better than the national average."

Mr. Callaghan's visit received no advanced publicity. He was taken from Aldergrove airport by helicopter to his first stop, a joint police and Army post at North Queen Street in Belfast.

He met Lt. Gen. Timothy Creasey, General Officer Commanding, and Mr. Kenneth Newman, Chief Constable of the RUC, for a briefing on security.

During the visit, a Provisional IRA bomb wrecked the offices of an advertising agency in Belfast. The explosion was more than a mile from the city centre.

Scandinavians seek new air deal with Britain

BY OUR AEROSPACE CORRESPONDENT

THE THREE Scandinavian Governments of Norway, Sweden and Denmark are to seek a new air services agreement with Britain from December 31, 1978.

They have served 12 months' notice of termination of the existing agreement from December 31, this year, and it is hoped that negotiations will start some time in the New Year.

The basic objection to the present pact by the Scandinavians is that it dates from the late 1940s and early 1950s, and has been overtaken by events in recent years.

They are particularly concerned about the British policy of designating several airlines in the U.K.-Scandinavian market, said a joint statement issued by the Norwegian Embassy yesterday.

"Scandinavian authorities have recently been notified that four British carriers, in addition to British Airways—British Midland, Dan-Air Services, Air Anglia and British Caledonian—are planning to extend their operations to Scandinavia.

"The realisation of these plans would increase capacity beyond the actual traffic demand. At present, the Scandinavian Governments are not prepared to grant new operating permits to independent British carriers.

"A basic objective of Scandinavian aviation policy vis-a-vis the U.K. is to establish and maintain an overall balance between the two sides in the provision of capacity on scheduled services."

They feel that Scandinavian Airlines System and British Airways cater adequately for the demand for regular scheduled services with the U.K.

The establishment of scheduled services by independent carriers would jeopardise the development of primary routes by which the interests of the public are best served.

"The Scandinavian Governments are also concerned with the routes in the annexes to the present agreements. SAS is the only major West Europe carrier without traffic rights to Hong Kong, nor has SAS been allowed to operate to Aberdeen to cater for the traffic generated by the North Sea oil operations in Scotland and Norway. The service between Aberdeen and Stavanger is wholly carried by a British airline."

Man begged for protection from Mafia killers — court told

ONE OF seven people alleged to have been behind a £163m. fraud plot pleaded for protection from Mafia killers after he talked to police, a court was told yesterday.

Mr. Michael Worsley, prosecuting, said the man, Richard Swinnerton, had given the police a statement after being arrested.

Mr. Worsley was outlining the case for the crown in committal proceedings at Lambeth Magistrates' court against five men and two women. Reporting restrictions have been lifted.

The five men, facing charges including conspiracy, forgery, attempted deception and aiding and abetting an escapee, are Canadian-Italian twin brothers Anthony and Robert Papsila, Mr. Swinnerton, Umberto Frascati and Mario Berton.

The two women, Veronique Blot and Renee Harris, are accused of being involved in a fraud concerning the Cessna light aircraft company. They are not charged in connection with the £163m.

Mr. Worsley alleged that the fraud was based on the Metals Research Company that claimed to have mineral resources in Canada worth £155m. Three bogus "fringe banks" were set up in London and registered in tax havens including the Caribbean, to distribute the shares of the company, he said.

Reading Mr. Swinnerton's statement, Mr. Worsley said Mr. Swinnerton was working for the Government in the Bahamas. When he went on leave to England, he allowed Mr. Robert Papalia to stay at his house.

Mr. Papalia ran up a $1,000 telephone bill, which he was unable to pay, and borrowed another $300 from Mr. Swinnerton.

In return he gave Mr. Swinnerton shares in Metals Research. He was then offered a job, although he knew nothing about banking.

His job, said Mr. Worsley, was to look for suitable premises in London for a bank, but the Papalias found offices themselves.

Mr. Swinnerton said in the statement that he realised Metals Research was a phony company when he was shown the advertising brochure with his photograph in it describing him as president and a bachelor of arts.

After giving the statement, said Mr. Worsley, Mr. Swinnerton asked the police for protection to stop the Mafia killing him.

Swinnerton had referred in the statements to Pier Luigi Torri, a financier missing since an escape earlier this year from another court. He called Torri "the boss."

Earlier, Frascati was alleged to have said in a statement: "You don't cross a man like Pier Luigi." Frascati was also quoted as saying he knew the companies were bogus.

The trial was adjourned until to-day.

Reactor plan attacked by environment group

BY DAVID FISHLOCK, SCIENCE EDITOR

FRIENDS OF the Earth, the environmental group, has written to the Prime Minister opposing strongly the idea of building a pressurised water reactor (PWR) in Britain.

The Central Electricity Generating Board wants to build a PWR as an insurance policy against Britain's own advanced gas-cooled reactor (AGR) proving inadequate to match the demands expected of nuclear energy in future.

Friends of the Earth claims in the same sentence in its letter both to be "more impartial than most" in the question of reactor choice and to believe that no type of reactor is desirable.

A "dismaying and persistent past neglect of elementary policy research" has deprived the Government of "any adequate basis for choosing a reactor," it says. It urges the Prime Minister to defer any decision "at least until such questions have been publicly answered and answers tested by public independent review."

The letter claims that:

● The worldwide popularity of the PWR owes more to salesmanship and a process of mutual intoxication" than to intrinsic merits.

● The economic merits of the PWR have been exaggerated.

● The U.S. nuclear industry has experienced the "most dramatic collapse of a major industrial enterprise in history."

● No vendor of this type reactor has sold reactors at a profit. "Britain would thus be refloating an American (and perhaps a European) lame duck."

● Safety studies have elaborated rather than eliminated safety problems.

Editorial Comment Page 12

New computer code urges discretion

FINANCIAL TIMES REPORTER

THE BRITISH Computer Society has produced a new code of conduct which emphasises the responsibilities of computer operators and programmers.

The code sets out principles for members, who are asked to behave with integrity at all times and not lay claim to competence which they do not possess.

The code urges complete discretion in the handling of confidential information and impartiality in advice given to users. Members should be completely responsible for any work they undertake and should not obtain personal advantage to the detriment of the Society.

The revised code comes at a time of increasing public awareness of the dangers of infringement of privacy by computer operators and of the scope for complicated frauds by people who understand computer programs.

There has also been anxiety about the role of some consultants who, it is felt, sometimes favour a particular manufacturer when designing a client's system. The code is intended to guard against all these possibilities.

The society which has 23,500 members, is the professional body for computer operators. Its first professional code was published six years ago. The revised version covers broadly the same points but has a slightly tougher emphasis on computer operators' responsibilities to society.

Consumer spending boom predicted

By Our Economics Correspondent

A SHARP increase in personal incomes will fuel a short-lived consumer boom in the early part of next year, the London Business School argues in the latest edition of its forecasts, published to-day.

But the School warns that, in the second half of the year, consumers' expenditure is expected to show only a modest increase as inflation accelerates again. However, this may be partly offset by a stronger increase in fixed investment.

A rise in consumer prices of about 13 per cent. is forecast between the final quarters of 1977 and 1978, which is higher than some other projections, while a current account surplus of about £1.4bn. is expected.

Consumer spending is projected to rise by 3.7 per cent. in real terms next year compared with 1977, with a 3 per cent. rise in Gross Domestic Product. This assumes a cut in income tax of £2bn. next spring, coupled with a 10 per cent. increase in those indirect taxes that do not automatically rise with inflation.

A sharp growth in both consumer spending and final output next year—3 per cent. for both in the year to the fourth quarter of 1978—is also forecast in the latest quarterly analysis from Stanlland Hall Associates. The company predicts a substantial recovery in the housing market next year and strong sales of furniture and floor coverings, and electrical goods.

Company profits

The London Business School analysis is distinctly pessimistic about the rate of growth in the major industrialised countries with the rise in world output slipping from 4.8 to 2.6 per cent between this year and 1978.

In the U.K., the School projects a rise of 18 per cent. next year in company profits (after excluding North Sea oil and stock appreciation). But following a sharp rise in fixed investment, the company sector financial deficit is expected to peak in 1978 at £2.6bn. The personal sector surplus in 1978 is estimated at £10.3bn.

The School estimates that company profits arising from North Sea oil will rise from £2.2bn to £4.2bn. between 1977 and 1978, while the impact on the borrowing requirement should rise from £260m. to £1bn.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1976 4th qtr.	103.2	104.8	106	108.5	211.9	na	na
1977 1st qtr.	103.5	105.6	111	105.0	217.1	1,330	na
2nd qtr.	102.2	103.1	104	103.9	221.5	1,330	163
3rd qtr.	102.4	103.1		106.8	235.7	1,418	151
July	102.8	104.3	105	107.0	232.8	1,394	153
Aug.	102.7	103.5	119	107.2	237.6	1,414	154
Sept.	102.7	103.7		106.2	236.6	1,446	145
Oct.	101.4	102.4		105.4	234.4	1,433	153
Nov.				105.0		1,433	156
Dec.						1,428	

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1976 4th qtr.	115.3	99.0	104.4	100.4	85.2	103.6	20.8
1977 1st qtr.	115.9	100.9	106.2	101.5	84.2	105.1	19.9
2nd qtr.	112.5	99.7	104.9	100.1	80.8	99.2	22.4
3rd qtr.	114.8	99.4	104.8	100.2	83.7	102.8	24.4
June	110	98	105	98	75	96	22.3
July	115	100	105	101	87	104	24.4
Aug.	111	100	105	100	79	101	20.4
Sept.	114	99	105	100	85	105	28.1
Oct.	111	99	101	100	77	102	24.6

EXTERNAL TRADE—Indices of export and import volume (1970=100); visible balance; current balance; oil balance; terms of trade (1970=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1976 4th qtr.	141.5	138.2	−982	−366	−1,082	79.1	4.13
1977 1st qtr.	141.9	142.4	−930	−516	−816	80.4	9.62
2nd qtr.	149.9	144.4	−698	−280	−725	80.1	10.5
3rd qtr.	153.7	141.9	−30	+399	−587	81.5	14.9
June	152.2	151.2	−298	−158	−197	80.2	11.57
July	155.5	149.1	−241	−92	−199	79.6	13.4
Aug.	152.0	121.7	+140	+290	−183	82.0	14.9
Sept.	155.7	144.8	+51	+201	−205	83.0	17.17
Oct.	153.0	140.4	+46	+191	−231	83.9	20.21
Nov.	142.9	133.2	+73	+218	−153	85.3	20.39

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m.); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1976 4th qtr	7.9	8.6	14.4	1,417	132	327	14¼
1977 1st qtr.	−5.6	−10.2	5.3	−1,882	492	339	10½
2nd qtr.	16.8	15.3	5.6	−398	1,290	352	8
3rd qtr.	31.1	14.8	22.6	−256	1,084	394	7
June	28.5	13.6	15	707	394	350	8
July	19.5	12.0	27.2	−295	320	365	8
Aug.	22.0	9.4	24.0	−69	302	417	7
Sept.	34.4	14.8	22.8	126	462	402	6
Oct.	33.8	17.5	24.8	290	390	386	5
Nov.	41.3	19.8		289	334		7

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* cmdty.	Strlg.
1976 4th qtr.	109.9	329.9	233.9	165.8	172.7	250.8	59.6
1977 1st qtr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
2nd qtr.	114.5	347.8	259.1	181.9	191.1	250.0	61.6
3rd qtr.	115.1	341.1	267.7	184.7	192.1	239.9	61.8
June	115.4	345.2	262.4	183.6	193.7	250.0	61.5
July	116.2	344.6	263.8	183.8	192.9	243.2	61.0
Aug.	113.7	339.5	268.0	184.7	192.0	239.9	62.0
Sept.	116.5	339.1	269.2	185.7	192.5	241.6	62.4
Oct.	117.9	333.9	271.0	186.5	192.3	236.8	62.5
Nov.		330.3	271.9	187.4	192.9	238.34	63.5

* Not seasonally adjusted.

HOME CONTRACTS

National Coal Board awards £8m. orders

NATIONAL COAL BOARD contracts totalling more than £8m. have been awarded as follows. For new and remould tyres, with a value of £2.5m. per annum for a three-year period, the orders have gone to Uniroyal, London; Goodyear Tyre and Rubber Company, Wolverhampton; Michelin Tyre Company, London; and Vaculug Traction Tyres, Grantham. Contracts for pre-filled stemming bags worth £567,782 have been awarded to Mining Improvements, Weaverham, Cheshire; and CPMS, Llanelli, Carmarthenshire.

★

DAVY-LOEWY, Sheffield, has won a contract worth £1.4m. for quick work roll change equipment for the British Steel Corporation's tinplate group, South Wales. The order consists of three sets of quick work roll change equipment for stands four and five of each of the three tinplate tandem mills at BSC's Ebbw Vale, Velindre and Trostre works.

★

HEAD WRIGHTSON TEESDALE, Cleveland, has received an order worth about £1m. for two rotary steam tube dryers for drying acid crystals at the new Terephthalic Acid Plant of ICI Petrochemicals Division at Wilton. The order was from Foster Wheeler, Reading, main contractors for the project. The dryers, to be manufactured in Head Wrightson's Teesdale Works, are due to be delivered to site in December, 1978.

★

CONDER WALES has won a contract to erect steelwork covering 1m. square feet at the Ford Motor Company's new engine plant at Bridgend, South Wales. The 3,300 tonnes of steel that will be used has been ordered from the British Steel Corporation, and deliveries to the 180-acre site will begin early in the spring. The erection programme, scheduled at about 250,000 square feet a month, is due for completion by the end of July.

★

RACAL-MILGO, Reading, Berks, is supplying data communications equipment for a network providing links for an expanded defence "secure speech" system covering Britain, BAOR and other overseas locations under a Ministry of Defence contract.

★

SERCK HEAT TRANSFER, Birmingham, has been awarded an order worth £720,000 for spare parts for British Rail locomotives, covering heat exchanger sections to be fitted to class 47 locomotives over the next four years. The spares are for Serck units already installed.

★

UDEC REFRIGERATION, a Capper-Neill subsidiary, has won a £200,000 order from Wold Farm Foods to supply and install blast freezing and cold store refrigeration equipment. This will increase the capacity of WFF's pea freezing plant at Grimsby by 50 per cent. to 20 tons an hour. The new equipment, capable of blast freezing seven tons of peas an hour, is similar to that supplied and installed by UDEC three years ago.

★

M. L. SHELLEY AND PARTNERS, Huntingdon, has won a £70,000 contract from Stanley Tools, Sheffield, for a complete set-up of nine machines, with tooling, to handle the individual packaging of such products as trimming knives, knife blades, tape rules and accessories.

★

WATER TECHNOLOGY, Birmingham, has received a £28,000 order to supply cooling towers and water treatment to the Wolverhampton factory of Lucas Aerospace.

Shawcross attacked by Law Society

Financial Times Reporter

THE LAW SOCIETY'S Guardian Gazette has attacked Lord Shawcross, a former Attorney-General, for making "insulting" statements about the legal profession.

A leading article in the Guardian Gazette claimed that Lord Shawcross made three principal mis-statements of fact during a speech at the Jubilee Dinner of the Central Criminal Court Journalists' Association.

They were that the Bar abused the peremptory right to challenge jurors; that barristers should not make allegations of police wrong-doing unless personally convinced of the facts; and that 80 per cent. of those committed for trial were certainly guilty—whereas the chances of jury acquittal were "quite good."

The article said that in the first case it was wrong to attack the Bar for the lawful use of a right granted by statute. Nor was it a barrister's duty to judge his client—that was the jury's function.

Thirdly, judicial statistics showed that 81 per cent. of those committed for trial were convicted either on their plea of guilty or after the trial.

The gazette concluded: "In failing to understand these truths, so evident to all who practise at the criminal Bar, Lord Shawcross has done a dis-service to his position as chairman of the Press Council, to his own chosen profession and to his journalistic hosts and their guests."

Tax institute wants time to consider legislation

BY DAVID FREUD

THE Institute of Taxation has urged the Chancellor to allow more time for the consideration of proposed financial legislation.

It said it welcomed the offer of increased opportunity for institutions and other interested parties were being given to make representations to the Inland Revenue and Customs and Excise.

However, it added that it was disturbed because "in some cases very little time is allowed for interested persons to prepare and lodge their submissions." The Institute asked that adequate time be given in future.

The Institute also made a series of detailed recommendations. It argued that:

● The complications arising from a change in the basic rate of income tax during a year of assessment should be considered carefully before changes are made at such a time.

● Gains and losses realised in the same tax year in connection with life policies should be offset.

● The limitations should be relaxed as to the periods which may be spent in the U.K. in order to qualify for freedom from tax where an employment is carried on abroad for a 365-day period.

● The Chancellor should consider allowing tax relief for exchange losses when economic conditions permit.

● A taxpayer should have the right of appeal to a VAT Tribunal over questions involving the exercise of a discretion by Customs and Excise.

● It should be possible to claim stock relief in part and release stock relief already claimed.

Staff opposition delays rail electrification

BY OUR TRANSPORT CORRESPONDENT

COMPLETION of British Rail's £63m. Great Northern electrification programme has been delayed by difficulties in winning staff acceptance for revised working arrangements.

The electrified service between Kings Cross, Hitchin and Royston, which was to have opened on January 9, will not now start until some time in February, Eastern Region said.

A spokesman said it was hoped possible to give a firm date to the start of the improved service. "It has simply taken longer than expected to arrange the transfer of work between depots."

South-east has top incomes

BY PETER RIDDELL

MAJOR DIFFERENCES which still exist in the standard of living and habits between the various U.K. regions are shown in regional statistics published to-day by the Central Statistical Office. They bring together a wide range of data, in some cases at county level.

South-east England has the highest income per head, except among male manual workers, where Northern England is top.

South-west England (67 per cent. of homes) and East Anglia (71 per cent.) have the highest percentage of households with cars, and Scotland (45 per cent.) the lowest.

Telephones are found most often in homes in south-east England (64 per cent.) and least in Northern England (39 per cent.), Wales (39 per cent.) and Northern Ireland (38 per cent.).

Social security payments per head were highest in Wales, followed by Northern England. The West Midlands received the least.

Regional Statistics, Stationery Office. Price £6.50.

APPOINTMENTS

P.O. member for finance and planning

The POST OFFICE is to have a Board member for finance and corporate planning—after more than a year without one. The new man is Mr. Frederick Waterhouse, 45, currently chief accountant of the Plant Protection Division of Imperial Chemical Industries.

The post has been vacant since late 1976, on the retirement of Mr. Maurice Elderfield. Mr. Charles Beauchamp, senior director for finance, has filled the post in an acting capacity since May of this year.

It was commonly accepted in the Post Office and in the Department of Industry, the sponsoring department, that the delay in making the appointment was due to the comparatively low salary offered. Mr. Waterhouse will receive a salary of around £18,000, the upper limit of the Board's wage scale.

However, he is formally "on secondment" from ICI for three years, and it is thought that ICI will top up his salary to its present level. By means of this unusual subsidy from industry, the Government has been able to bridge the gap between market wage rates and nationalised Board salaries.

★

MORGAN GRENFELL AND COMPANY has made the following appointments which will become effective on January 1. Mr. G. M. Magan will be a director of Morgan Grenfell and Company. Mr. J. Q. Davies, Mr. G. Dryden, Mr. A. H. Dunn, Mr. D. P. Gallagher and Mr. J. C. Smith will be appointed directors of Morgan Grenfell International. Mr. M. J. Meyrick is to be made a director of Morgan Grenfell Investments and Mr. D. W. Wells, a director of Morgan Grenfell Finance. Mr. J. F. T. Dundas, Mr. N. H. Gold, Mr. N. W. Roskill, Mr. R. J. Taylor and Mr. R. W. Warner will become senior assistant directors. Mr. J. C. Altfield, Mr. M. Bullock, Mr. R. Highman, Mr. P. J. King, Mr. M. P. Knight, Mr. J. C. Newman, Mr. J. H. L. Norton, Mr. N. G. O. Sabin, Mr. T. J. Scott-Webb, Mr. R. N. Singer and Mr. A. M. Wheatley are to be assistant directors.

★

Mr. A. M. French has been appointed chairman of SPINNEY'S (1948), a subsidiary of Steel Brothers Holdings, in place of Mr. J. T. Wishart who has retired and becomes president. Mr. Roger Barber has been made managing director. Mr. T. J. Evans continues as deputy managing director.

Dr. Ian Norris has been appointed managing director of the BELFAST ROPEWORK COMPANY, a member of McCleery L'Amie Group. Mr. Raymond C. Wilson has become a director of Belfast Ropework, with sales responsibility for the Scottish, English and Welsh markets.

★

Mr. M. F. B. Bell has been appointed managing director of CATER BROS. (PROVISIONS) and has relinquished his position as joint managing director of Lotus. Both companies are subsidiaries of Debenhams.

★

Mr. W. G. Brown and Mr. R. R. Wilden have been appointed joint managing directors of GILL AND DUFFUS LANDAUER. Mr. R. J. Thorne has relinquished his position as managing director, but remains chairman.

★

Mr. J. Michael Pickard is to become chairman of GRATTAN WAREHOUSES next month on the retirement of Sir Robert H. Owthwaite. Mr. Edward T. Haslam, deputy chairman, also retires at the same time. Mr. Eric Binns, vice-chairman of Associated Dairies, and Mr. Peter Brand, chairman and managing director of the Austin Reed Group, are joining the Grattan Board as non-executive directors from January 19.

Mr. Geoffrey Gascoine has been appointed deputy managing director of GUY BUTLER (INTERNATIONAL) from January 1. He will become assistant to the directors with special responsibility for foreign exchange and Mr. George Macdonald, assistant to the directors with special concern for the company's interests in Australia, representing Guy Butler (International) as a director of Money Market Dealers Pty in that country.

★

Mr. Gavin Morton is to become deputy chairman of BLACKWOOD MORTON & SONS (HOLDINGS) and Mr. Geoffrey Kneen joins the Board on January 1. Mr. J. M. Arnott and Mr. F. Nicholls have been appointed directors of Blackwood Morton and Sons, a subsidiary, from that date.

★

Mr. J. M. W. Bosworth, Mr. N. D. Fitzpatrick and Mr. J. J. McLachlan have been appointed directors, and Mr. Hugh Michael, Mr. H. F. Cameron, Mr. J. F. Henderson, Mr. G. M. Murray and Mr. J. M. Weir have resigned from the Board of the EDINBURGH AND DUNDEE INVESTMENT COMPANY following its acquisition by Britrail pension.

Judge F. J. White, a Circuit Judge on the South-East Circuit, and Master M. A. Clews, a Master of the Supreme Court Taxing Office, have been appointed by the Lord Chancellor members of his ADVISORY COMMITTEE ON LEGAL AID from January 1, where they will replace Judge Wingate and Master Matthews, who retire on December 31.

LABOUR NEWS

Tyne-built Polish ships brought closer by award

BY NICK GARNETT, LABOUR STAFF

OUTFITTING TRADES at Swan Hunter have been awarded £5.40 by the Central Arbitration Committee which will go a long way to tempting them to call off their overtime ban. The ban has so far prevented ships ordered by Poland being built on the Tyne.

The award, made by comparing rates with those for outfitting workers at other shipbuilding companies, still leaves the men £2.57 short of Swan Hunter boilermakers—the disparity which originally led to the ban being imposed.

Talks on increasing the outlay for flexibility in working, and thereby raising their opportunities for higher pay, are advanced.

Union officials and shop stewards are expected to meet again on January 3. The officials want to conclude these talks before calling another mass meeting. In the meantime, the ban will remain.

There is rising confidence among the workforce that at least four of the seven bulk carriers originally allocated to Swan Hunter will be built on the Tyne.

British Shipbuilders has re-allocated three of the ships and is holding fire on the re-placing of the other four.

The arbitration award back-dated to November 1, gives the outfitting trades generally an increase of £3 on basic pay and a further £2.40 on existing fixed bonuses. The electricians received the same total, made up by a different tabulation.

The CAC also gave a slight nudge to management and unions to work towards working practices where all craftsmen have the opportunity to achieve the same earnings, and towards a common date for pay settlements.

One of the 15 smaller ships in the Polish deal has still to be allocated. The Government has, however, told Ailsa, the independent Scottish shipbuilder, that it will receive something out of the Polish order.

BBC row hits week-end TV

BY OUR LABOUR STAFF

THE BBC has rescheduled television programmes over the Christmas week-end because of an engineers' overtime dispute now in its second week.

A rejigging of programmes on both BBC television channels and the postponement of some items follows the failure of a meeting this week between union leaders and management to find a solution to the dispute.

About 450 engineers, members of the Association of Broadcasting Staffs, are demanding increased allowances for working before 8 a.m. and after midnight.

There is said to be no overtime ban as such, but agreement [illegible] early in the dispute [illegible] programmes to end at [illegible] p.m. or earlier while negotiations were in progress.

The Manchester Evening News has dismissed its entire [illegible] staff in a dispute over delay in implementing a pay settlement which journalists claim was due last April.

The 107 members of the [illegible] National Union of Journalists chapel (office branch) were told they were deemed to have dismissed themselves because of their work-to-rule. Leaders of the branch said they would claim unfair dismissal at an industrial tribunal.

It was claimed that the journalists had not had a pay increase for 20 months because management had withheld payment of an agreed 10 per cent rise pending approval from the Employment Department.

Anomalies claim lodged

BY OUR LABOUR CORRESPONDENT

A CLAIM for a temporary differentials allowance to eliminate the "most glaring" anomalies between skilled industrial workers in the Civil Service and their supervisors has been lodged by the Institution of Professional Civil Servants.

The institution complains that skilled workers in Royal Ordnance Factories and Royal Dockyards earn more than the professional and technical staff who supervise them.

Pay of a professional and technical officer grade 4 ranges from £55.08 to £75.69 a week while a grade 3 officer receives up to £85.25. By comparison, basic pay for skilled workers in Royal Ordnance Factories ranges from £77.60 to £95.87, averaging £84.12.

A temporary differentials allowance would not come within the TUC definition of a major pay claim and would be consistent with the pay guidelines, the IPSC contends. About 24,500 members are involved in the claim which, the union says, is needed to "defuse a potentially explosive situation."

Plan to cut disputes at Linwood agreed

BY ALLAN PIKE AND ARTHUR SMITH

WORKERS at Chrysler's Linwood plant gave support yesterday to a 13-point programme which management and union leaders hope will reduce disputes and increase productivity.

Mr. Stan Deason, director of operations, described a decision by a meeting of 7,000 employees to endorse the plan as a milestone for industrial relations at Linwood.

The new industrial relations package has been prepared by a union-management working party set up after a dispute in October which closed Linwood for three weeks. It contains recommendations on issues including restrictive practices, job flexibility, absenteeism, lateness, overtime and recruitment. Acceptance of the proposals, said Mr. Deason, would provide an opportunity to implement recommendations vital to the future prosperity of Linwood.

Mr. Jimmy Livingstone, Transport and General Workers' Union convener, said that job flexibility was one of the main points to come out of the exercise. "We have explained the need for flexibility and members have accepted this."

● Efforts to break the deadlock over pay bargaining reform for Leyland Cars' 30,000 white-collar workers are expected today.

Management will meet officials of the staff section of the Transport and General Workers' Union for talks in London. The outcome of discussions will be presented to a delegate conference of workers later in the day.

Negotiations on the company's reform package broke down with the refusal of the staff section to give full support to the proposals. By contrast, the other three staff unions have given broad approval to the deal.

More trouble

Trouble threatens Leyland on another front from the unofficial toolmakers' committee, which earlier this year called a damaging four-week strike. The committee is to meet on January 4 to consider its response to the company's continued refusal to grant separate negotiating rights—cause of the last dispute.

● The strike by 2,000 workers at the Triumph plant, Liverpool, already into its seventh week, looks certain to continue into the new year.

Pit incentives can go ahead—Judge

BY CHRISTIAN TYLER, LABOUR EDITOR

MOVES by three Left-winged areas of the National Union of Mineworkers to halt the introduction of local incentive schemes failed in the High Court yesterday.

Mr. Justice Watkins, refusing an injunction to the Yorkshire, South Wales and Kent areas, said their application was "hollow" and bad "no foundation in law or equity."

He ruled that the national executive of the union which this month voted to let areas go ahead with schemes despite a ballot rejecting a national scheme, was not exceeding its powers or in breach of the NUM rulebook.

Discussing a resolution at the July conference of the union arguing against piecework, he said the interpretation of Sir Robert Megarry and Lord Denning in a case brought by the Kent area before the ballot was "not only persuasive but irresistible."

"I fail to discern any serious question that falls to be resolved by this court. No question arises in my opinion of the need for a resolution at a future conference . . . in order that the national executive between conferences should act as they have done."

He said the result of a national ballot was not binding on the executive between conferences. It might persuade them, but it had no power to compel them. The rule telling the executive not to act contrary to conference decisions did not apply.

"In my considered view the national executive cannot rightly be said to have been acting in contravention of any rule in the rulebook or of any resolution of the conference or any conference before that in doing as they did earlier this month. There is no need to hold a special conference so that what they have done can be ratified or rejected.

"I do not anticipate a court coming to any other conclusion."

Outlining the case, the judge referred both to the national interest and to the "balance of convenience" involved in stopping in its tracks the spread of incentive schemes, which already involved the National Coal Board in £880,000 of bonus payments.

He quoted, too, the increase in production over recent weeks in South Derbyshire—a defendant in the action along with NUM officials. Between November 14 and December daily output was up 28 per cent on the previous ten weeks. It was 51 per cent up in the week ending December 17.

Twelve of the NUM areas out of 24 had signed or were about to sign local agreements, and even "a numerical majority opposed incentives, as the plaintiffs said, that majority seemed to include men like cokemen and the power group who already had some form of bonus.

The judge said he was being invited to stop the schemes in their tracks. The fate of the £880,000 was of no concern to them, the plaintiffs said.

"I am not concerned with the desirability or otherwise of introducing incentive schemes. They are matters of policy to be determined between the Coal Board, the union and possibly the Government."

He cited Lord Wilberforce from Heaton's Transport versus the Transport and General Workers' Union, 1973, on the desirability of not construing union rule books as if they were drafted by Parliamentary draughtsmen.

He then construed the rule book "object" of the union cited by the plaintiffs as supporting their case against anything other than a nationally negotiated day-wage as not "an exclusive rule." There were two other "objects" supporting the national executive's decision.

BUSINESS AND INVESTMENT OPPORTUNITIES

BEFORE ENTERING INTO COMMITMENTS READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE

BUSINESS OPPORTUNITIES APPEAR EVERY TUESDAY AND THURSDAY

APPOINTMENTS

COMPANY NOTICES

ART GALLERIES

CLUBS

LEGAL NOTICES

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

A whole year of jingle bells

BY MICHAEL THOMPSON-NOEL

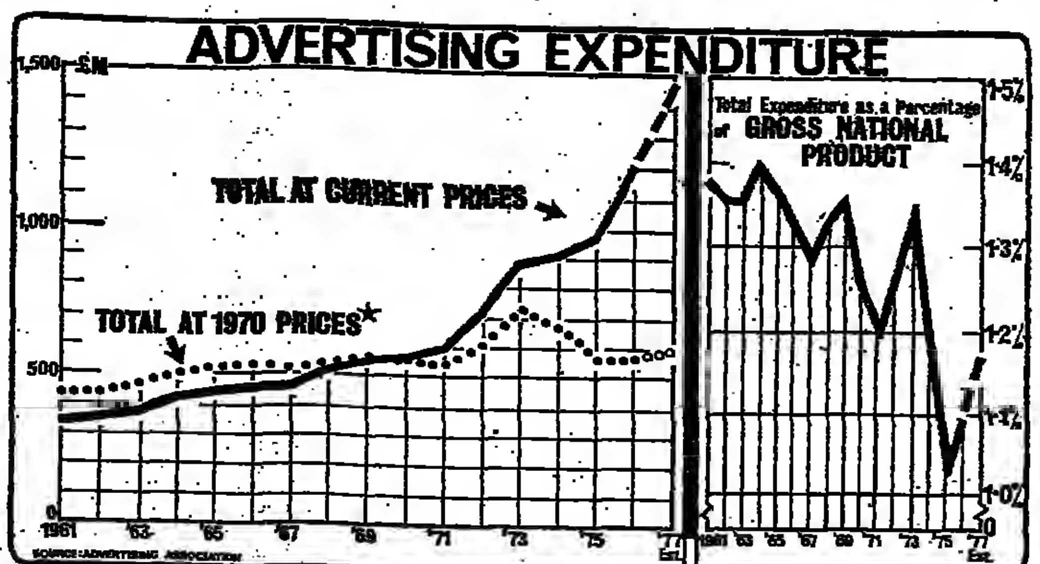
THE ADVERTISING industry has a king-size hangover tomorrow morning it will not be because it is nearing the end of a week of revels but because it has enjoyed an entire year of jingle bells. A reasonably good year was generally expected. But it has been better than that. It has been an exhilarating year, one that advertising agencies and media owners alike, while not exactly punch drunk, are close to reeling from comfort and joy.

Nor are the prospects for 1978 any less rosy. "There is nothing on the horizon," said a Fleet Street advertising manager this week, "that could conceivably lead me to suspect that the boom is over. It's been a bonanza year for us all, and it will get even better."

Not that advertising expenditure has re-scaled the heights of 1973-74. In real terms it may never do so. But it is working up to the part of the year. The best estimates of 1977 expenditure were pitched at around £1.5bn., compared with a figure of £1.168bn. last year and £1.067m. in 1975.

Half-way through the year the estimate was bumped up to £1.45bn. and according to the Advertising Association, the latest evidence now points to a final figure for 1977 of £1.47bn. In a bid to iron out the effects of inflation, it pays to consult the AA's spend as rendered in constant 1970 prices. As the graph shows, this reached a high of £612m. in 1973 (from £544m. two years previously) before falling to £567m. in 1974 and plunging to £565m. in each of the following two years as industry slid deeper into recession and companies at first pared and then took to savaging their advertising-to-sales ratios.

This year the ad spend at 1970 prices is likely to have climbed to around £600m., and there has been a similar improvement in total advertising expenditure as a percentage of GNP. This figure was as high as 1.62 per cent. 17 years ago. Then, as the graph shows, it dipped and rose, slipped and rose, before tobogganing to as little as 1.03 per cent. in 1975. It is now thought to have recovered to 1.17 per cent. or thereabouts (still far below the levels of the 1960s and early 1970s but a firm enough indication that in 1977 advertisers have been making some important reassessments of the role of advertising and have sensibly concluded that during the recession they almost certainly went too far in their panic to cut advertising expenditure. It is a fairly common or garden phrase that the ad spend tends to reflect—or rather it anticipates—the trade cycle. When things are going well, the ad spend looks up. When times are hard, or are expected to become so, the advertising budget is the first for the chop. But there is clearly a limit to this sort of expediency.



* Obtained by deflating current figure expenditure by the AA's combined index of media rates.

According to Jeremy Bullmore, chairman of J. Walter Thompson: "In a consumer boom, advertising is taken for granted. But as a result of the economic upheavals of 1973-74, the value of advertising, particularly during 1974 and 1975, found itself tested more rigorously, more searchingly, than it had ever been tested before—and advertising was found innocent. Firms that believed they had very good brands and could cut their budgets found they were losing momentum and market share. I think they have learned a lesson which will not be forgotten—at least not for five years." But there is still a great deal of ground to recover. On average, the U.K.'s top 35 brands spent only 55 per cent. of the advertising money last year that they spent in 1970.

"In the midst of all this I believe the advertising industry has responded astonishingly well to its recent experiences. It kept its nerve, cut its costs and didn't panic. It kept on delivering the goods."

In its distribution of goodies, 1977 seems to have been equally fair to all media. The commercial television contractors have fared embarrassingly well, but so has the Press—national and regional—so have magazines, so has the fledgling medium of radio where 1977 revenue is expected to reach £23m., and so have smaller media like posters and cinema.

Net TV revenues this year should finish nearly 30 per cent. up at a little below £300m. Thames Television, the biggest of the contractors, say bookings for January and February, traditionally a quiet period, are already 25-30 per cent. up. Because of the pressure on airtime—most advertisers and agencies are clamouring for a second commercial channel to get their goods on air at rates which at least don't sound logarithmic — Thames found itself near to rationing this autumn and expects a very uncomfortable time next spring.

In common with other contractors, Thames this year has seen heavily increased spending by the retail sector which at 8.9 per cent. of revenue is now Thames's third largest product group, and by the record and financial sectors.

If the TV companies are happily counting their blessings, so is the Press, which in all its forms accounts for around two-thirds of total advertising expenditure.

To give two examples: Bruce Olley of the Daily Mail says that volume and revenue this year are 30 per cent. up and that 1978 should be even better, and Brian Downing of Mirror Group Newspapers says much the same thing.

"It's been a tremendous year," says Mr. Downing. "Of course, there were two large windfalls: the enormous expenditure by the tobacco companies in July and August on NSM and tobacco substitutes, and Tesco's split with Green Shield when it spent £250,000 in three weeks in our papers alone.

"But it has been an exceptional year on all fronts. The retailers are spending heavily and so are the car makers and financial advertisers. We're also attracting more and more clients who are quite new to advertising, and the acceptance of mixed-media scheduling is rapidly gaining ground.

"The only sour note has been the continuance of industrial disputes, not only at Mirror Group but elsewhere. Fleet Street has lost approximately 130m. copies this year, which is hardly conducive to selling the medium."

If this has been a good year for the media, disputes aside, it has been one of utter jubilation for most agencies.

At the top of the pile, Masius Wynne-Williams and the McCann Erickson Group have enjoyed a hugely successful year while the JWT group says that the past 12 months have been good if not spectacular. Masius will finish 1977 with billings of £52.5m. against £40m. and should rocket to at least £65m. in 1978 as new accounts—worth £5m. plus in a full year—come on stream. They include British Rail Inter-City, Dunlopillow and Worcester Spode. Of Masius's billings gain of £12.5m. this year, new clients accounted for only £1.2m.; the rest represented increased spending by existing clients as they expanded their budgets and sought to catch up with inflation.

The reverse is the case at McCann, where group turnover this year will total £53.2m. against £40m. Chairman Nigel Grandfield says that virtually all of the £13.2m. increase is accounted for by account gains and new assignments. The group's most spectacular coup was winning the lion's share of Tesco, but it has picked up other notable accounts like Hotpoint and Kuwait Airways. Next year, as blue chip McCann clients like Unilever, Martini, Nestle and R[illegible] start flexing their muscles, billings will rise to at least £70m.

At JWT, group turnover this year will be £64m. and turnover at the main agency £54m., a 20 per cent. gain. There is a view that in recent times JWT has not only lost its aura of invincibility but its sense of direction too, and it is true that in 1977 it has lost the Berger Paints business as well as Cable and Wireless.

But net gains total £4.7m.—it rates its £750,000 campaign for the London Clearing Banks a considerable success and has now gathered in BP's petrol and lubricants business—and theories that JWT is running out of steam cosily ignore the quite remarkable stability of the agency scene. The pecking order changes now and then, but that is usually all.

Easily the most successful agency this year was Allen Brady and Marsh (which scooped Berger from JWT). ABM's billings have shot up from £28m. three years ago so that for the year starting next May they are budgeted at £47m.-£48.5m. Chairman Peter Marsh says the target is £50m. by December, 1982, and that it is his ambition to make ABM the biggest U.K.-owned agency. Saatchi and Saatchi won't like that, but at the rate at which they're piling on new business they can afford a twisted smile.

Virtually everywhere one turns in the agency world, the story is the same. Jim Fielding of Interlink says that plenty of his clients are planning aggressive-looking ad budgets for next year when the agency should move from billings of £8m. to at least £10m. Frank Lowe, managing director of Collett Dickenson and Pearce says CDP should improve by 25 per cent. plus to nearly £50m. Michael Manton of Manton Woodyer Ketley is looking for a gain of at least 20 per cent. and says the general outlook is "remarkably bullish." And Winston Fletcher of Fletcher Shelton (1977 billings: £4.5m.) says that U.K. business in general has at last realised that inflation eats away at advertising effectiveness unless budgets are raised accordingly, and that many companies are now determined to recover lost ground.

Another year of jingle bells is definitely on the cards.

No more cold turkey

BY PAMELA JUDGE

WHAT IS thick in the North, thin in the South and individual to every cook? The answer is gravy. There are considerable stirrings in the market at present, and not only because it is Christmas.

Gravy-makers and brownings have shown a volume decline of 3.4 per cent. over the last few years, according to Colman Foods, primarily because they are associated with one occasion—the Great British Sunday Roast. But the roast now probably only lasts for the day, the price of meat being what it is, so that the housewife turns to other dishes during the week—beefburgers, sausages, pies and so on.

Colman sees this as an opportunity to expand the market by offering Gravy Pot, a concentrate of meat juices, beef dripping and vegetable seasoning in paste form to be used during the week. It is the company's first foray into the gravy field. The marketing effort has occurred in the Southern TV area with £600,000 being spent between October and this month. It is too early for results but Gravy Pot is said to be receiving good distribution.

Pre-launch research showed that 82 per cent. of respondents thought the product was very good, 80 per cent. considered it quick and easy to make, 74 per cent. found it more convenient than any other gravy product and 50 per cent. said it tasted just like home-made gravy.

In the home it is estimated that as far as red meat is concerned, 85 per cent. of gravies are thickened, and most of those with Bisto, while only 34 per cent. of chicken gravies get the treatment. All in all, the housewife does it her way—which was probably mum's too.

For Bisto, RHM Foods is now making the Bisto Kids work harder at the mid-week message. The Kids were used from 1919 to the late 1950s, when it was felt that their scallywag appearance didn't exactly match the times. But the Kids were revived early last year following some anxious decisions on modernising them

while retaining loyal customers, and, most difficult, deciding how they should speak and move—they had never been on TV before.

The latest series of posters simply show the Kids—"Ahh Stew"—and identify Bisto with all kinds of meat. In September last year tests showed a 30 per cent. awareness of all gravy ads, but since then Bisto has achieved 50 per cent. spontaneous awareness. Spending on posters and TV was over £1m. last year and will be the same this year.

The latest addition is Bisto Onion which is now going national. Onion flavour is in its early days and has gone very well. The move is based on placement tests which were obviously encouraging. Bisto estimates show that it has 70.6 per cent. of the £12.7m. gravy powder market.

In order to take in other battlers in the mid-week field the sector must be referred to as the meat and vegetable extract market. It will probably be worth £46m. in shelf prices this year. Bovril breaks this down by use for cooking, £17m., gravy, £19m., drinking, £5m., and spreads, £5m. At rough estimates (again by Bovril), £6m. would be spent on Bisto, £8m. on Oxo, £200,000 on Knorr cubes and £4m. on salts, Goldenfry, Birds, own label and others—all for gravies.

Marmite falls into this sector, but some 90 per cent. is used for spreading and the intention is to keep it that way since its fellow product, Bovril, is mainly used as a drink. But Bovril is looking for a 50-50 match with Oxo in a year's time with the new Bovril Cube, a granulated product. The Bovril Cube was tested in the North East for two and a half years and the cube market in that area grew by 35 per cent. against a national decline of about 1 per cent. It is now in London, the South, Anglia and the Midlands and the rest of the country will follow next year. The first year's budget is £3m.

Stock cubes are a £16.4m. market with 75 per cent. taken by Oxo. Some 8m. Oxo cubes are crumbled every day, according to the company, but it is aiming to drive this up with its £2m. New Red Oxo campaign with the fuller taste and greater man appeal. The launch was in August and the company says that sales are up by about 10 per cent.

There are certainly no excuses for a lot of cold turkey next week.

Another £1m. for Saatchi

AMID A NUMBER of account shuffles this week, Saatchi and Saatchi Garland Compton has added on yet another £1m. worth of business. Its new gains, each worth £500,000, are for United Biscuits' Discos brand (Saatchi's already handles several major UB lines) and Telefusion, the Northern-based TV rental chain.

● UNIVAS, the subsidiary of Eurocom which owns a 50 per cent. stake in London's Boase Massimi Pollitt and in several other European agencies, has pushed its network billings to $300m. with a 50 per cent. stake in New York's Kelly Nason. KN billings have grown from $5m. seven years ago to $70m.

● TOM RAYFIELD, creative director of The Kirkwood Company, is returning to JWT after four years' absence, to become creative supervisor. In the past two months, Kirkwood managing director Tom O'Leary has retired to Spain for health and tax reasons, and deputy chairman Gordon Medcalf has resigned. Last week the company fired four accounts totalling £1m. But it has almost recovered that up with this week's capture of the £750,000 Dorothy Perkins fashion stores business.

● DENIS LANIGAN succeeds John Treasure as JWT Group chairman in January.

● MACDONALDS Advertising of Manchester is merging with fellow Lopex subsidiary Interlink to become Interlink's Manchester office.

● FOOTE CONE and Belding has picked up the £350,000 account for Carplan products on the strength of work done for the parent company, Tetrosyl.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Encouraging progress of new alloy

SUPRAL, the superplastic aluminium alloy from T. I. Superform, has notched a major technical achievement in being used for the complete bodywork of a specialist British car to be produced shortly. Of the 15 pressings only two, for the roof and bonnet, need to be welded.

The advantages of the choice are a stronger alloy than would otherwise have been used and more precise features, giving cleaner lines. While the Supral [illegible] previous aluminium alloy [illegible] the tooling is about the [illegible]

Supral first entered the car market with Lotus. This is so [illegible] that the exhaust catalyst for U.S. market cars had to be placed at the back. But exhaust gases were by then too cool to activate the catalyst and T. I. Superform provided an enclosure for the exhaust.

The company has also made [illegible] 4 mm. thick bulkheads [illegible] car and front end [illegible] features for trucks. In the last six months it will be [illegible] the Italian specialist [illegible] market using the British [illegible] as an example and against a background of increasingly [illegible] regulations involving [illegible]

Supral has mechanical properties equivalent to NS 3/4 and [illegible] ten times, enabling [illegible] to be held in complex shapes of up to 15 inches [illegible] It is formed in special machines operating at near 500 degs. C and at ten atmospheres.

For production of 50 to 10,000 items a year tooling costs are around one magnitude cheaper than conventional tooling, about £350 per square foot of plan dimension for smallish tools and about £250 for larger. The original machine to process 2 x 2 feet sheets has been uprated to 3 x 3 feet, and another machine processing 7 x 4 feet sheet is being joined by an 8 x 4 feet machine, considered the largest commercially viable unit for the time being.

In the first 15 months of market testing Supral invaded so many sectors here and in the rest of Europe that a small company was set up to see which sectors to attack. The alloy is being used for security cases, defence items, vending and printing ticket machines, hospital food trolleys and—the largest component so far—luggage racks for British Rail.

Largest markets are being found in electro-mechanics, general engineering, architectural (for roof and wall cladding), and chemical plants. Ten markets have been opened up in Scandinavia and the rest of Europe, and the first overseas plant will be opening in Benelux. The process is such that it is estimated to be worthwhile establishing a new unit nearer the market when sales reach around £750,000 a year.

More from T. I. Superform, P.O. Box 150, Worcester.

PETER CARTWRIGHT

● COMPUTING

Philips approach to first-time users

THANKS IN some degree to the growing practice among a number of companies operating in the Middle East of taking their computing equipment with them when they move a team out to site, Philips Data Systems is establishing a significant presence in that area of intense industrial and civil engineering activity.

Already its visible record computers are being used on the Dubai Dry Dock project and a fillip to sales in the region is expected as a result of a contract placed by the Ministry of Trade and Supply, People's Republic of South Yemen, for 50 of the P320 visible record machines to take over from electro-mechanical and manual accounting and information handling procedures for some 15 organisations.

These include the national airline, the National Bank of the Yemen, the Port of Aden Authority and the National Company of Home Trade and the company's programmers are producing software for some 70 specific applications.

Philips Data Systems, based in Colchester, to whom this contract for over £600,000 has gone, claims to hold 19 per cent. of the VRC market in Britain, its largest competitor being Burroughs. The parent company in Apeldoorn has recognised the fact that even a European company cannot operate within its own geographical area and hope to be meaningful while some 45 per cent. of the world's total data processing market is in North America.

For this reason, a great deal of effort is being expended on gaining more than a foothold in the U.S. where the Philips Data Systems philosophy of providing equipment with standard software for many business routines as a matter of course, leaving the buyer to decide whether to go to the added expense of specially written software, is expected to attract customers.

In the company's experience, a very large percentage of first-time users opt for the all-in solution—something like 70 to 75 per cent. Few go to the extent of requiring a completely tailor-made solution.

In this way, Philips is helping to solve one of the most difficult problems for the first-time user—that of knowing whether or not the operating routines offered for his proposed equipment will work when he takes it over.

Complex but easy in use

MITROL INC., the systems house based in Lexington, Massachusetts, has opened its first office in the U.K. This is a joint venture with P-E International which also owns The P-E Consulting Group.

Mitrol (U.K.) will be marketing the Mitrol Industrial Management System (MIMS) in the U.K. and Europe. MIMS is an adaptive computer bureau package covering bill of materials processing, materials requirement planning, stock control, purchasing and costing.

It has the advantage that it can be up and running within 30 days and can be readily modified to meet the changing circumstances and needs of a company. For the small to medium sized company, the combination of a packaged solution and support to adapt the system to the company's requirements will remove the need for a system and programming team.

In addition it can be valuable as an interim solution for a company planning to instal its own main computer but needing a simple means of building up files and experimenting with its systems prior to final specification.

MIMS currently has over 50 users including four in the U.K.

Further from Mitrol (U.K.), Park Business Systems, Park House, Egham, Surrey, TW20 0HW. Egham 7820.

Control of the assets

A NEW ASSET accounting and control system announced by Package Programs (PPL) is described as a considerable advance in software efficiency. The package will enable PPL to tailor specific customer requirements from standard software, avoiding much of the overhead usually associated with such comprehensive systems. It will be available in March 1978.

This development will be welcome to ICL customers of Interpac — Package Programs' associate company—which has been disappointed in recent months by delay in the availability of the APCO asset accounting system.

Unlike the APCO package, which Interpac has been marketing under an agency agreement with the South African Software company, Advanced Computer Application Packages (Pty), the new PPL system replacing it will be fully supported with U.K. resources.

Package Programs is at 91 Blackfriars Road, London, S.E.1. 01-633 0121.

● INSTRUMENTS

Sound meter enterprise

IN A somewhat unusual move, Custom Electronic Services of Scarborough, an acoustic instrument company, has taken over Pulsar Instruments Inc. in the U.S. and is now developing a joint design and production programme. Recently, Pulsar Instruments Europe was formed.

Main objective is to exploit the market for a low cost high performance instrument for use in preliminary noise surveys and in educational work.

First of a new range of instruments designed in the U.K. and now being made both in San Francisco and Scarborough is the model 83P sound level meter. With value for money the major aim, Pulsar has dispensed with the linear scaling function of previous instruments and has designed the unit to meet ANSI S1.34 standards. Some existing indicators are not built to any recognisable standard which is a disadvantage to the serious user.

Measuring range is 30 to 130 dBA, with slow and fast meter dampings. There is also a facility which holds the maximum reading until cancelled. An electret microphone, of high stability and performance is used and the instrument will, it is claimed, remain within calibration for long periods.

More from 40, Westborough, Scarborough, North Yorks YO11 1UN (0723 71351).

Sound shows liquid level

ULTRASONIC in principle, a liquid level indicator designed for use in aggressive industrial environments will find use in such applications as oil and chemical storage-tank monitoring.

The unit works on pulse-echo and is built around a piezo-electric transducer, encapsulated in resilient materials suitable for atmospheres bearing corrosives and solvents.

Versions are available to handle level variations of at least 10 metres. Measuring accuracy of plus or minus 1 per cent. full scale is claimed.

The standard transducer unit is 50mm in diameter and 200mm long. An integral cable, three metres long, is linked to a junction box from which cable runs of up to 1,000 metres can be handled. The display equipment amplifies the received signal and converts it into an output voltage or current proportional to range or depth. Digital or analog indications are available, scaled according to the customer's needs.

Strainstall, Harelco House, Denmark Road, Cowes, IoW PO31 7TB. 098382 5111.

● ELECTRONICS

Analysing brief events

IT IS NOT always possible in electronics to analyse functional disturbances; since they are often of extremely short duration. When disturbances occur, the signal characteristics of a measurement — including the transitional return to the static condition (rest) — can be recorded exactly, but it is not possible to determine the "case history" of the measuring procedure. Therefore, this method is not suitable for precise analyses.

Optimum disturbance sensing can only be achieved if the recording of the disturbance or anomaly is available for a short time and if the previous undisturbed state can also be traced for a short period. But this is only possible when the system is in an undisturbed static condition. All these requirements can be met by means of digital memories installed in the system for detection of disturbance values.

To record the "case history" of a disturbance, Siemens has developed three different measuring devices.

The "Oscillostore" consists of a measuring device with memory (static data carrier) and recorder for the monitoring of operating conditions. The system processes analog as well as binary measurement signals and can detect general disturbances as well as critical operating conditions.

The "Datastore" is a measuring device with memory and magnetic tape recorder (dynamic data carrier). The system processes analog and binary input signals and can also be used to detect general disturbances or critical operating conditions. The data recorded on the dynamic data carrier can be further processed on a computer.

"Eventstore" is a measuring device with memory and printer (static and dynamic data carrier), with which operating conditions can be monitored and disturbances (events) logged immediately. The system has binary measurement signal inputs only.

Siemens AG, Postfach 105, D-8000, Munich 1, Germany.

● HANDLING

Excavator of many parts

A FOUR-WHEEL drive hydraulic excavator which may be fitted with magnetic scrap handling and lifting equipment, grabs, hooks and many other devices for industrial, forestry and other applications has been launched by Akermans Industries of Peterborough.

Akerman H9MB has been designed to cope with dusty working conditions, the generator and hydraulics motor being mounted in a protected area in front of the tank. The hydraulic motor operates the generator by means of a V-belt drive, the motor itself being driven by a double pump on the drive aggregate.

The excavator has a turbo-charged Volvo TD60 engine with an output of 165 hp (121 kw). Akermans has evolved a new hydraulic system for the machine and installed two piston pumps of 225 kilopoise per sq. cm., and 2 x 106 l/min. and a gear wheel pump of 190 kp/sq. cm. and 88 l/min.

The Akerman H9MB meets British road travel requirements, while the four wheel drive and oscillating front axle provide high mobility on rough sites. Three working pumps ensure simultaneous operation of the digging equipment and wheel drive in the most difficult operational conditions.

Steel belt conveyor

A CONTINUOUS steel slatted belt conveyor designed for arduous handling operations in both high and low temperatures has been introduced by Gough and Co. (Hanley), Clough Street, Hanley, Stoke-on-Trent.

The equipment comprises a series of interlocking and overlapping slats to present a smooth, hard, low friction surface, secured to a twin chain circuit mounted on a steel frame assembly. It is suitable for in-floor, inclined or vertical installation.

The slats may be constructed from mild steel, galvanised, or stainless steel and the belt is suitable for many types of production process in a wide range of temperatures. The equipment is claimed to be equally suitable for conveying delicate boxed goods or palletised unit loads.

● COMPONENTS

Regulates the light

HORTICULTURALISTS looking for more exact control of the greenhouse environment will be interested in an artificial lighting regulator offered by Photain Controls.

The unit produces a switch action relative to an increase in ambient light (as compared with a fall in the case of the simple photo-electric switch).

Idea is that as the ambient level increases, various automatic control systems in the greenhouse can be brought into action including watering, carbon dioxide, ventilation or blinds.

The unit, which uses a photocell in a waterproof polycarbonate housing and a separate control unit, has switching contacts rated at 250V 5A ac. Units can be provided for operation at nominal light values between 100 and 100,000 lux and this figure can be altered by 50 per cent. by the user.

In addition, a variable time delay (one to 10 minutes) is incorporated to prevent false operation due to small clouds or other short-lived variations in the ambient level. More from Unit 18, Hangar 3, The Aerodrome, Ford, Sussex (09064 21531).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Thursday December 22 1977

Only a first step

YESTERDAY'S announcement that the 25 per cent. surrender rule is to be abolished is certainly welcome. It would be interesting to know, however, whether it is the result of a change in political attitudes towards the loosening of exchange controls or merely a technical necessity. Before the end-October mini-Budget, after all, a large number of the Chancellor's official advisers were recommending that the large inflow of foreign money and its unsettling effects should be countered not by an attempt to impose inward exchange controls but by a substantial relaxation of outward controls. This recommendation was turned down by the Cabinet, and one of the main reasons for its rejection is thought to have been the hostility of the TUC. Mr. Healey subsequently defended his decision on the grounds that the first priority was higher investment at home and that exchange controls at least prevented the export of British-earned capital. This was not the right time, he said (on November 10), for relaxation.

But there were some minor concessions in the mini-Budget, and Mr. Healey must have been aware that more would have to be allowed, at least in an EEC context, before the end of the year. Britain has been allowed some postponement of its obligations under the Treaty of Accession while the balance of payments was weak, but North Sea oil has made this plea invalid.

25% rule

After several weeks of talks with the EEC Commission, therefore, the Treasury yesterday announced relaxations of exchange controls over transactions with other EEC countries affecting direct investment in super-criterion projects, the amount of capital that emigrants may take with them and the ordinary exchange rate, the amount payable annually by way of gift, and the way in which purchasing the securities of various EEC bodies may be financed. It also announced abolition of the requirement that when a U.K. resident sells a foreign security he must dispose of 25 per cent. of the proceeds through the official foreign exchange market, getting the benefit of the investment currency premium only on the remaining 75 per cent. And this requirement is to be abolished not only in respect of EEC but of all foreign securities—hence yesterday's flurry of activity in the stock market.

There is no doubt that the 25 per cent. rule has discouraged switching and therefore reduced the quality of portfolio management. It was introduced only to bolster up the exchange reserves, and the £200m. a year it brings in is of no great consequence when these reserves stand at over $20bn. But it may well be that the main reason for abolishing it altogether was the sheer technical difficulty of operating one rule for EEC securities and another for securities in the rest of the world. There seems to be a fair amount of exchange control evasion already.

More needed

Whatever the objections of the TUC and the left, however, the Government should now go on to consider seriously the abolition of the investment currency itself and, more urgently, the easing of the rules about direct investment abroad: even in their new EEC form, they are absurdly restrictive. There are two sorts of argument against. The first, urged by the TUC and the left, is that we should not allow investment to take place abroad which is needed at home. But the two are not incompatible. Indeed there is much empirical evidence that investment abroad helps demand and employment at home: the prospect of a continuing payments surplus, moreover, makes increased overseas investment positively desirable. The second sort of argument rests on the amount of hot money in our reserves, the size of our overseas debts, and the risk that relaxation would cause a sudden outrush of capital before the controls were tightened again. The answer to this is simply that controls on direct investment abroad should be eased gradually.

Time to accept the PWR

OF ALL the industrial decisions which British Governments have to take, the most difficult appears to be the choice of nuclear reactor systems. Every time a decision of this kind has to be made, commercial and economic issues are submerged in a cacophony of emotional, nationalistic and environmental argument. In this sense there is a familiar air about the present controversy, in which a central figure is Mr. Anthony Wedgwood Benn, Secretary for Energy. A decision on the reactor system to be used in the next generation of Britain's nuclear power stations had been expected some months ago; it is now promised sometime in the New Year.

Two contenders

On only one point are all the participants in the debate agreed; this is that the Steam Generating Heavy Water Reactor, the so-called "steamer," which was chosen by the Government in 1974, is no longer a runner. The "steamer" would be more expensive to develop than the two rival contenders, there could be no operational experience at commercial sizes for a decade and there would be virtually no possibility of exports for the foreseeable future. Thus the choice is restricted to the British-designed Advanced Gas Cooled Reactor (AGR), which has been the basis for the second generation of Britain's nuclear power stations, and the American-designed Pressurised Water Reactor (PWR), which is the most widely used reactor throughout the world.

Earlier this year the National Nuclear Corporation, the Government-created company which is now the sole contractor for nuclear power stations, recommended, in effect, that we should try to get the best of both worlds. At least one more AGR should be ordered, but at the same time there should be a firm commitment to the introduction of the PWR. The argument was that the nuclear industry urgently needed new business — the last order was placed in 1970 — and the only reactor which could be ordered quickly was the AGR, both the equipment manufacturers and the CEGB have experience with this reactor and the completed stations are producing power economically. But because of the difficulties in constructing AGR stations it would be wrong to rely on that system as the sole constituent of the next ordering programme. Hence the NNC argued — and the CEGB takes the same view — that a commitment must also be made to the PWR.

If this course were adopted, it would leave open the option in the light of experience with the AGR over the next few years, of dropping that system and switching entirely to the PWR; this is what some advocates of the PWR expect will happen. At the same time the two-way bet does not involve the abandonment of a technology which, though unique to the U.K., has been shown to work satisfactorily.

The practical argument against the NNC's proposal—though not one that is stressed by the anti-PWR lobby—is that the industry cannot be expected to cope with two different systems, while continuing to develop the fast breeder reactor; but the manufacturers and their main customer appear to be satisfied that orders can be phased in such a way as to reduce this problem to manageable proportions.

If that is accepted, then the case for going ahead with the PWR appears to be very strong indeed. The Government's nuclear inspectors have shown that safety will not be an obstacle to the selection of the PWR; the manufacturing and construction problems are probably less demanding than with the AGR; and there are obvious advantages in the U.K. joining the mainstream.

Half-hearted

The worst outcome of all would be a half-hearted endorsement of the PWR, without any real determination on the Government's part to make a success of it. If the PWR is to be introduced, the Government must commit itself to a firm order, so that the National Nuclear Corporation can proceed quickly to the negotiation of the necessary licence. A two-way bet may not be the cleanest solution, but in the circumstances it is the only sensible one.

Abolition of the surrender rule: a fillip for the City

BY MICHAEL BLANDEN

REMOVAL OF the 25 per cent. surrender rule on portfolio investment abroad will arouse strong political opposition, but for the City and particularly for the Stock Exchange it is one of the most welcome changes that the Chancellor could have decided upon in the U.K.'s exchange control regulations. It will not lead to a massive outflow of funds; but it should considerably ease the business of the big institutional investors in handling their investment portfolios and produce more activity in the market.

The decision has come as something of a surprise. It had generally been expected that the negotiations in Brussels over Britain's commitments to a progressive removal of restrictions on capital movements within the EEC would produce no more than minor relaxations at this stage. Indeed, the other changes announced yesterday fall clearly into this category.

Potentially the most important is the easing of restraints on direct investment within the EEC—the change which is most politically explosive—but even in this area the Government has not at present moved very far. It is not thought likely that the easing of the so-called super-criterion restrictions included in yesterday's package will lead to a major outflow of investment funds, though it could indicate e willingness to consider further changes in future.

A GUIDE TO INVESTMENT CURRENCY

INVESTMENT CURRENCY MARKET:
The pool of foreign currency available for investment abroad. For most purposes, foreign exchange is not allowed to be used, so that investment abroad has to be made by purchasing the proceeds of sales of existing investments. For this reason investment currency of the end-1977 sterling parity of $2.40, but its effective rate is much sterling area included in June, 1972.

INVESTMENT CURRENCY PREMIUM:
This varies according to the supply and demand for investment currency. It is expressed for the convenience of the market in terms of the end-1971 sterling parity of $2.60, but its effective rate is much lower at the current exchange rate.

25 PER CENT. SURRENDER RULE:
This requires sellers of foreign currency securities to sell 25 per cent. of their proceeds at the official exchange rate, thus losing the premium on a quarter of their proceeds. It was first instituted in April, 1965, and was extended to the overseas sterling area in March, 1974.

More positive steps

The City had, however, almost given up hope of seeing the surrender rule removed after the Chancellor's October mini-Budget. Ahead of that event, expectations had been built up that the strength of the U.K.'s official reserves, following the strong inflows earlier in the year, could encourage the Government to take more positive steps. In the event, the changes which Mr. Healey announced were minimal. Moreover, all the signs at that time were that the Government remained extremely reluctant to undertake any substantial relaxation of the controls.

The Government has argued consistently that in spite of the very large rise in official reserves this year, Britain could not afford at this stage to encourage a large outflow of capital. A substantial part of the inflows recently, it is maintained, have been of a short-term and potentially volatile nature, and it makes no sense to introduce measures which would effectively use those funds to support long-term investment abroad. Moreover, the U.K. already has large medium-term debts to repay over the next few years, for which it will need its reserves. Finally, although the country has the prospect of a growing surplus on the balance of payments as a result of North Sea oil, the first official priority is to ensure that the resources are used to support new investment at home—though the Chancellor has admitted that there may be scope for more investment abroad at a later stage.

The advantage of taking off the 25 per cent. surrender regulation is that it removes one of the controls which has long been regarded as among the most irksome by the City and the big investing institutions, without implying any major encouragement to a large movement of money out of the country. The rule is one of a whole battery of exchange control regulations which are essentially designed to protect the U.K. reserves. The rules have been built up over the period since the war when at most times the country has suffered from external deficits and a resulting pressure on its reserve holdings.

The investment currency market arises out of the restriction on the availability of official foreign exchange for the purpose of investment abroad. In effect, investment in foreign currency securities—portfolio investment—can be made in only one of two ways. One is by borrowing foreign currency in order to support the purchase of foreign currency securities; this is subject to quite stringent conditions, which can generally be fulfilled only by the big institutions.

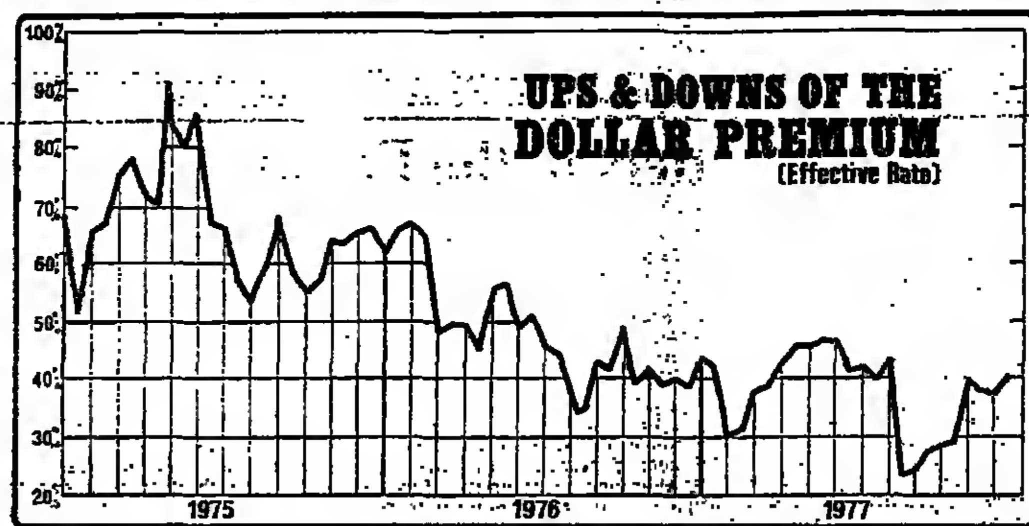
The other way is by buying the foreign currency from somebody else who already possesses the funds as a result of selling the investments of his own. The result is that there is a limited pool of funds available, varying in size according to the levels of stock market prices abroad but generally thought to total some $6bn. Because of its limited availability, investment currency is dealt in by a special market and commands a premium over the official exchange rate, which currently stands at around 40 per cent. in relation to the current spot value of sterling.

The surrender rule is a sophistication of the controls which not merely protects the reserves but actually provides a regular addition to them. Under this regulation, any seller of foreign currency securities can exchange only 75 per cent. of his proceeds as investment currency at the premium rate. The other quarter has to be sold at the official rate; this means that he loses a quarter of the premium, but provides a direct inflow into the reserves, which in recent years has been running above or below the £200m. a year mark. This figure has been significant at times when the reserves have been under pressure. But it is obviously tiny in relation to their present level of over £11bn.

The surrender rule was first introduced in 1965, and investors have lived with it since then. But its impact was subsequently extended further. In June 1972, when currencies of the old overseas Sterling Area countries began to be treated as foreign currencies for the purposes of exchange control at the time of the floating of the pound, securities from those countries were still excluded from the surrender rule. In the Budget of spring 1974, however, when Britain was experiencing the worst of the pressures after the oil price rises, the surrender rule was extended to these securities as well. It is widely held that this was one of the factors which contributed to the decline of traditional markets in London, particularly in South African gold shares, and the decision of jobbers to pull out of the gold market leaving only one, Smith Brothers, now still operating.

The market was predictably pleased with yesterday's news. Mr. Nicholas Goodison, the chairman of the Stock Exchange, who has long been pressing for the surrender rule to be removed, welcomed the news as in the best interests of the country. In particular, he suggested, there was now a chance that London would be able to get back into the market for the overseas sterling area securities, particularly the gold shares, which have largely gone offshore.

This view was shared among market dealers, where the change was expected to lead to much freer dealings and a higher level of turnover. It was suggested that without the surrender rule, the market would again begin to attract short-term operators to boost business, and it was thought possible that at least one more jobber could be tempted to return to the South Africa gold share business.



The reaction among institutional investors was to welcome the removal of a control which they have universally regarded as at least an irritant and at worst, in the words of one manager, "a flaming nuisance." The effect of the rule they argued has been to inhibit considerably their freedom of action in managing their overseas portfolios by imposing a penalty whenever they wanted to switch their investments. At the same time, the rule has contributed to the preference of many institutional investors for using loan finance—in spite of the conditions they have to meet—to support their overseas investments rather than going through the premium pool.

The change would, investment managers argued, enable them to manage their overseas portfolios more efficiently and would help to encourage a greater interest in investment abroad.

There were mixed views both among investors and among dealers in the investment currency market itself, however, about its direct effect on the level of the premium. This is determined by the supply and demand for investment currency which is affected by a wide variety of factors including the relative attractions of foreign stock markets and particularly of Wall Street.

To the extent that the removal of the surrender rule encourages more interest in overseas investment, it will increase the demand for investment currency which should raise the premium. Against this, the change could encourage some investors which already have substantial overseas portfolios to sell; and to the extent that the premium currency pool will no longer suffer a drain to the official reserves the supply of investment currency will be relatively increased.

A final factor could arise if the view gained ground that the decision to remove the surrender rule could be regarded as a first step towards eventually phasing out the investment currency market altogether. This could happen in the context of the U.K.'s eventual obligation within the EEC, since it would be extremely difficult to undertake a relaxation of the rule applying only to countries of the European Community without presenting enormous problems of policing the market.

The general view yesterday, however, was that the likelihood of a very substantial outflow of funds if the restrictions on portfolio investment were removed entirely would prevent the Government from making any such move for some tin come. It was therefore felt investors would not be inhil In their decisions to h abroad by this danger. G the regular increase in amount of funds they hav put to use the prospect wa a continuing rise in demanc investment currency.

Dealers in the investr currency market itself gested that there might be s short-term decline in the l of the premium perhaps i its present effective rate around 40 to 30 per cent. o But the consensua appeare he that the final outcome w be that the rate would change very much: at the s time it was thought that tl could be a substantial incr in the amount of busir being done in the market i the investment curre premium, as distinct from a portfolio investment, becoming an attractive veh for speculation.

The other changes annou yesterday, unlike the gene removal of the surrender r apply strictly in the contex the EEC. They include so easing of the rules cover direct investment, enab official exchange to be m available for investment in t EEC under the supercriteri up to £500,000 (double t amount available for oth countries) or up 50 per cent. the total cost, and doubling t period in which investments the EEC have to produce be fits to the balance of payme equal to the original investme to three years.

The increases in limits personal capital moveme include a doubling to £80,000 the emigration allowance EEC countries, which l already been raised from £5, in the October econo package, and special moves help loan-financed investmeo securities issued by EEC bo such as the European Inv ment Bank and the Europ C'al and Steel Commuoity.

THE 25 PER CEN SURRENDER SCHEME

	Yield to reserves (£m.)	Tot reserv end-y
1965	53	1,0
1966	70	1,1
1967	88	1,1
1968	104	1,0
1969	109	1,0
1970	87	1,1
1971	128	2,5
1972	138	2,4
1973	158	2,7
1974	265	2,8
1975	180	2,6
1976	176	2,4
1977	n.a.	Nov. 11,2

MEN AND MATTERS

Hard sell for soft energy

There is no lack of exhortation in the Friends of the Earth office on the northern fringe of Soho. As Amory Lovins gave me his views about nuclear energy policies, a poster behind him urged: "Save the whales, Boycott Japanese and Russian goods." The walls were covered with similar appeals for seals, otters, and sundry other endangered species, including mankind. In such a milieu, there is a strong temptation to dismiss Lovins with the phrase used by one of his former colleagues at Oxford—"a clever crank." But as the main inspiration behind a highly contentious letter handed yesterday to Premier Jim Callaghan about Britain's nuclear options, Lovins cannot be taken too lightly.

Fittingly, for a man headlined by *Business Week* this month as "Nuclear Power's Public Enemy Number One," Lovins seemed possessed by frenetic energy. As London representatives of Friends of the Earth Inc.—U.S. counterpart of the British ecological society—he takes a breather here between trips to Paris, Geneva, Washington or anywhere else he can polemicise and plead for his "soft energy" theories. In essence, Lovins argues not merely that we must conserve energy against the impending years of shortage—which is common ground even with his sternest critics—but that it is to alternative sources such as solar power, waves, wind and better use of fossil fuels that the world should look for salvation.

Why does he at 30, after a pyrotechnic and restless academic jaunt through Harvard and Oxford, be so sure he knows better than the "nuclear lobby" and its massed ranks of brain-power and experience? Lovins reacts with a flurry of anti-establishment arguments. For example: "Nuclear energy must be weaned from the military subventions that have got it this far." He reels out statistics about the undeniably massive costs of nuclear programmes, makes your flesh creep with visions of the vulnerability of centralised power supplies to trade union blackmail. He claims that civil servants incline to nuclear power, which must involve central management, because they are the central managers par *excellence*.

In some ways, Lovins reminds you of Ralph Nader, his compatriot who has given Detroit's car-makers so much torment. Not surprisingly, his "new thinking" appeals to a populist president such as Jimmy Carter, whom he has met. In the U.S. Congress his ideas gain ground. Some indication of his impact, for better or worse, is the pronuclear response to Lovins's sardonic references to the constant drop in projections for nuclear power output in the U.S. at the end of the century. "If it wasn't for Lovins and his friends," they say, "the nuclear programme would be much further ahead today."

Dusty reply from Tripoli

It is now just over a year since Gianni Agnelli, the chairman of Fiat, took on board the Libyan Arab Foreign Bank as a substantial minority shareholder.

The complex deal provided Fiat with a very useful cash injection of $415m. and gave the Libyans the right to two representatives on the Fiat Board and under 10 per cent. of the equity.

It was widely acclaimed at the time as a major coup for Fiat, a classic example of constructive recycling and a useful way of giving Libya a direct stake in the economic prosperity and stability of Italy and Europe.

"It seems that our son of York is the only one who wants a winter of discontent!"

The spectacular nature of the operation, and wider potential ramifications, were underlined when Agnelli subsequently flew to Moscow to meet the Libyan leader Colonel Gadafi for the first time.

That meeting took place inside the Kremlin, which hitherto had not been generally thought of as the ideal venue for a shareholders' meeting. This provoked intriguing speculation about the possibility of future triangular deals involving Libyan cash and Fiat expertise, in the Soviet Union or elsewhere.

In spite of these heady prospects, however, there were considerable misgivings in Italy at the time about the wisdom of becoming so closely linked to Libya through this deal.

So far, these misgivings have proved unfounded. The two Libyan shareholders' representatives Regeb Misellati, deputy governor of the Libyan Central Bank and Abdulla Saudi, chairman of the Libyan Arab Foreign Bank, turn up for the regular Board meetings to keep an eye on their investment while Fiat carries on with the basic power structure unchanged.

But now a tiny cloud has appeared on the Libyan horizon, coming from an entirely unexpected direction. It is in the shape of two construction companies from Genoa, which are claiming $5.7m. from Libya in compensation for equipment left abandoned at the port of Tripoli when Colonel Gadafi seized power eight years ago and then expelled the Italian community.

Having tried unsuccessfully for years to press their claim, lawyers acting for the two companies sent off a letter directly to Colonel Gadafi which has just come back marked "addressee unknown." At which point the lawyers have started proceedings in a Genoa court to try to freeze part of the Libyan holding in Fiat until the claim is settled.

Those were the days

Meeting we wished we had attended: The annual meeting of the Soviet-Chinese Friendship Society which, according to the latest issue of Soviet Weekly, has just been held in Moscow. No news of whether a good time was had by all. But apparently it was agreed that the armed uprising by workers in Canton in 1927 was a good thing.

Practical view

A colleague's wife, expecting another baby, asked her seven-year-old daughter which she would prefer—a brother or a sister. "Well," the daughter said, "if it wouldn't be too much trouble, I'd rather have a pony."

Observer

BY SAMUEL BRITTAN

Second thoughts on a Euro-currency

SOME YEARS ago my main reservation about the European Economic Community centred not so much on the agricultural policy—the absurdity of which was accepted outside the ranks of Eurofanatics—but on the goal of monetary union. Indeed, I remember being prepared to demonstrote in the streets with Peter Jay on the issue.

When the present president of the European Commission, Mr. Roy Jenkins, relaunched the idea of monetary union earlier this year, my reaction was very different. In the 1960s I thought that the people of Europe would be best served by preserving monetary independence for their Governments. Now this no longer appears to be true.

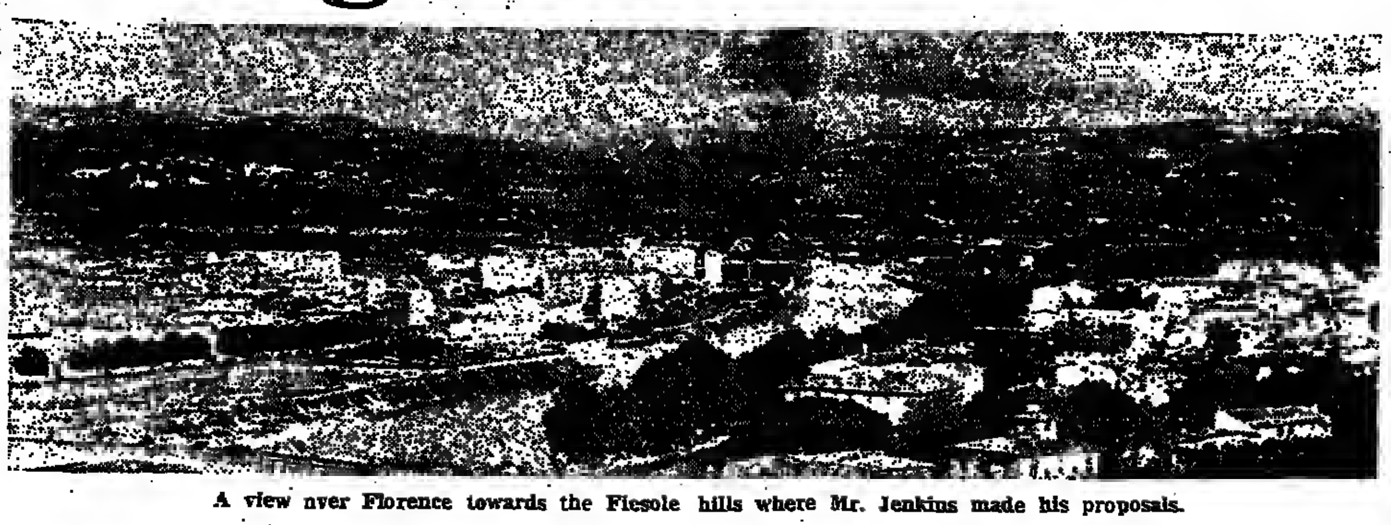
Mr. Jenkins's fullest statement of the case for monetary union was made in his Jean Monnet lecture, given on October 27 at the new European University Institute established in a converted abbey in the hills above Florence. These were just the right surroundings to shed some Renaissance light on old ideology. The key passage for my reappraisal was Mr. Jenkins's reference to the "obsolete, inadequate or irrelevant" theory, which asserted that European monetary integration prevented member States following their own differing preferences on the trade-off of unemployment versus inflation, and that these preferences could be accommodated by floating exchange rates. This assumes that there is a lasting trade-off between inflation and unemployment, and that independent national monetary policies can help to establish full employment. But this approach has been rendered obsolete both by the development of economic thinking and the real world breakdown of traditional full-employment policies.

If the eventual effect of an independent and more expansionary monetary policy is simply a higher rate of inflation than our neighbours', why demonstrata in the streets—or at all—to preserve the right to engage in it? Indeed the celebrated words of Mr. Callaghan at the 1976 Labour Party Conference, about the illusion that we could spend our way into full employment, come to much tha same thing as the Jenkins reappraisal.

Perhaps the most respectable remnant of the old case is that based on different "national propensities to inflate." This might concede that countries such as Italy and Britain do not gain any long-run benefit from double digit inflation; but argue that such inflation rates have been built into their economies and into the expectations of businessman and unions, and that to reduce these expectations would lead to a long transitional period of mass unemployment.

There might be something in this argument if the historical record did show stable but differing national inflation rates. In fact Italy had an inflation rate averaging less than 2 per cent. in 1957-61; and as recently as 1968 experienced one of 1.3 per cent. The U.K.—which unlika Italy had no economic miracle—experienced an inflation rate of averaging 3 to 4 per cent. in the period from 1953 to 1967. The differences between the same country during different and not very distant years are far greater than the differences between one country and another.

Mr. Jenkins lists seven arguments for monetary union:—



A view over Florence towards the Fiesole hills where Mr. Jenkins made his proposals.

1—The gains in efficiency and convenience from ending currency uncertainties between Western European countries.

2—The gains to the world economy from a European international currency comparable in standing with that of the dollar.

3—The chance of tackling inflation at its monetary root.

4—The opportunity of a new impulse to activity and employment.

5—Regional disparities could be better tackled.

6—A European monetary authority could be combined with greater decentralisation in other areas.

7—Monetary union would give a new impetus to political integration.

Mr. Jenkins goes out of his way not to rest his case on the last argument, as people to-day would only be prepared to take the step for "materially convincing reasons."

The first argument centres on the advantage of doing away with the complications and uncertainties of currency changes. Many of the present frustrations arise from official interventions, restrictions, and policy lurches, rather than floating as such. But even if we had clean floating, or floating governed by publicly stated rules, the whole business of moneychanging and currency insurance and the arithmetic of quoting in different national money involves costs, as every traveller knows. Is it worth hearing them, if there is no gain to national economic policy in return?

The second argument about the advantages to the world—or to Europe—of a two pillar monetary system, based on the dollar as a European unit is the most dubious. There might be advantages in a single world reserve currency not linked to a particular country; and there might be advantages in multipla reserve centres. But this does not mean that two reserve currencies are an improvement on the dollar alone.

The fifth argument about regional disparities needs to be carefully stated. Nothing would do more harm to the causa of monetary union than to suppose that we could continue, in the intervening period, to inflate faster than other countries, stop the exchange rate from reflecting this, and try to bridge the resulting payments deficit by so-called regional assistance from Brussels.

The heart of the issue lies for me in arguments, 3, 4 and 6 together. Could the transfer of monetary and exchange rate policy to a European authority make a decisive difference to inflation and employment prospects? When Mr. Jenkins asked us to consider "the issua of a new single currency by a European monetary authority," which would have considerable independence and follow target rates of monetary growth consistent with monetary stability, he is using almost the same language as those who have argued for a U.K. Currency Commission following guidelines laid down by Parliament.

The prospects of national gradualist strategies to eradicate inflation are not bright when starting out from double digit rates of price increase: the best we can hope for on this basis is to prevent inflation from exploding again while learning to live with what we have. However, the launching of a European currency provides the equivalent of a currency reform and a fresh monetary start, hardly possible to envisage on a national plane without a war or peacetime catastrophe.

It is when Mr. Jenkins argues that the European unemployment problem is one of demand deficiency, and that we require a new demand impetus on a historic scale that I get worried. There is a superficial contradiction between asking for a demand boost and a lower rate of monetary expansion in Europe. It is superficial because if the launching of a European currency led to a drastic rednction of inflationary expectations, people might expect money demand to grow less, but real demand to grow more.

But my real worry is a doubt whether more than about 1m. of the 6m. unemployed in the EEC reflects demand deficiency—in the sense that this is probably the most by which unemployment could be reduced by a gradual and sustained demand boost, without accelerating inflation. Whether one wants to say that the remaining 5m. unemployed are structural, or that rigidities and distortions in the labour market prevent demand being raised to full employment levels is a question of language.

The practical point is that any attempt to spend our way out of these structural difficulties by fiscal and monetary policies would—as has been shown again and again in the last decade—lead to accelerating inflation. Mr. Jenkins is himself here being influenced by the obsolete or inadequate theories of his opponents.

But so long as we rid ourselves of exaggerated Keynesian expectations, a framework of monetary stability could to some extent help against unemployment too. Let us suppose that the EEC rate of inflation instead of declining from 10 to 9 per cent. this year (with a range of 4 to 18 per cent. among countries) had in the same conjunctural situation fallen from 1 per cent. to zero, the whole atmosphere would be different. It would be possible to experiment with demand injections to see how much above the sustainable unemployment rate we were, knowing that the danger point of runaway inflation was some way away. And if it were desired to raise the money supply by 5 per cent. to boost activity, that 5 per cent. would be regarded as a once-for-all addition to the money stock rather than an addition to its rate of increase.

Am I then sold on monetary union? Not quite. My main reservation is that the transitional stage, before the union was established, would resemble a limping Bretton Woods system and give us the worst of all worlds. That is, there would still be independent national currencies, held together by "fixed exchange rates" in which the markets lacked confidence, and therefore still subject to confidence inflows and outflows. The German and British Governments would neither have control of their own money supply nor yet the benefit of a non-inflationary European currency.

My tentative conclusion is that it is only worth going for monetary union on the more radical basis of a new European currency, and that the traditional method of attempting to freeze exchange rates between existing currencies would do more harm than good. Such a new currency would be the most practical way of giving effect to Hayek's proposal for allowing people to choose between currencies so that bad could drive out good.

A new currency could still be introduced stage by stage. As a start it might be used for a few limited Community purposes, then it could become optional for large international corporate transactions, and as a final step permissible within existing national frontiers. It is essential that the new currency should be defined at the beginning in terms of a basket of actual commodities rather than of existing national monies. For anything less radical the game is not worth the candle.

Letters to the Editor

Decisions on aircraft

From Mr. G. Pattie, MP.

Sir,—In your leading article (December 19) on aircraft you indicate that it will be decision-time about civil aircraft projects. … the key question is how soon … It seems to be difficult … Europeans to grasp that … their discussions and negotiations drag on, the world outside is not going to … be satisfied from Europe. The 150 seat segment, for example, is widely believed to be a world market for 1,200 aircraft by 1990. British Aerospace has spent nearly £2m. … up the X-11, a derivative of the existing 1-11, to satisfy … market. British sales teams have been well received worldwide, particularly by regional … airlines in the … States. McDonnell Douglas has … the market with its DC9 and Boeing will probably not be long in following suit. The question remains. If the third … is to be European, will it be the X-11, with French … or will it be a new … design, called the A200. … has already cut … ground from under his own teams by deciding to put X-11 into a "fall back" position and to study the A200 in … Should the A200 not … the required potential on … the "plan" apparently … return to the X-11 and … it. It is an astonishing commentary on the naivete … British Aerospace management that it actually believes … can make this idea work. … X-11 is ready for launching now and awaits only a … decision and a positive attitude to make it succeed. … the A200 is a long way … in terms of time. The … Minister and the President of France may think they have time to make up their minds but the recent British … decision has effectively foreclosed one major … which could be just what … Giscard wanted.

Geoffrey Pattie

Chairman, Conservative … Committee,

House of Commons, S.W.1.

Thrash out an evaluation

From Mr. L. Cook

Sir,—The general public has considerable sympathy in … since it became … of the wages they receive … 48 hour week. It is now understood, because of … the importance of … they carry out. It … also be remembered that … cover 24 hours a day … a year (including Christmas Day). In the past, … public sympathy has … aroused by the miners and … Currently, the police and … men's pay is being …

It is understandable that Mr. … cannot break the 10 per cent. rule he has imposed … bargaining. One … weakness would open … floodgates. He has, however, … the firemen a generous … two years provided they … 10 per cent. now. In … has recognised that … are not out of line with … community. It is a great pity … has broken down … had to strike … recognition of this fact. … police, nurses, etc. have … similar action to bring … cases to the public's …

Surely, there is a lesson to be learnt by both Government and TUC. Would it not be sensible for discussions to take place to introduce some form of job evaluation procedure, for example draw up an agreed ranking list of jobs in the public sector and slot other jobs in according to the responsibility they carry, their complexity, and the training required to carry them out? Other factors that would need to be considered are working conditions, physical demands and the hazardous nature relating to the job.

Before embarking on such an exercise it would be necessary to thrash out: (a) how many hours work constitute a "normal" working week? (b) what is the minimum wage payable for a "normal" working week? (c) what extra payment should be made for hours worked in excess of the "normal" working week? (d) what extra payment above the basic rate should be made for unsocial hours worked during the "normal" working week (including weekend and Bank Holiday working); (e) a formula which compensates those who live and work in high cost areas.

Surely, in this era of the social contract, it is not beyond the wit of Government and TUC to get together and devise a means to ensure that people are fairly paid for the work they do. The best place to start is in the public sector. Any inadequacies in the private sector would soon be highlighted.

The alternative is more strikes.

L. S. Cook.

5 Court Drive,
Hillingdon,
Middlesex.

Prophecies and accuracy

From Professor John Marsh.

Sir,—The article by John Cherrington (December 8, "Prophets who cannot get it right") merits comment. Like your own paper, the work of economists attempts to be useful to farmers and businessmen, not just entertaining. Since decisions have to relate to an uncertain future, comment is valuable in so far as it helps to identify more clearly which factors may influence future events and to interpret their significance. This is just what usually makes Mr. Cherrington's comments so valuable.

Economic forecasts attempt to be specific about present facts and about the assumptions upon which their assessment of the future has been based. Conclusions may be drawn on this basis but the forecast must be read as a whole by those who wish to understand it or to comment. In the case of the Aberdeen University forecast quoted Mr. Cherrington seems to have failed to do this.

Far from relating the forecast of an improvement for livestock farmers in 1978 (hardly as euphoric as he implies) entirely to a forecast increase of 5 per cent. in living standards, the original article took a much more balanced view. A brief quotation from the passage dealing with beef might help to set matters straight: "Most of the evidence therefore points to some increase in the market price of beef during 1978 with increases in consumers' incomes, lower pork supplies and a diminishing U.K. output of beef. . . . The EEC market is expected to be stronger and this will further tend to reduce net imports of carcass beef, reinforcing the impact of lower MCAs." Increased real incomes are merely one of a number of factors involved in this forecast, not the only one, as Mr. Cherrington seems to imply.

Of course forecasts sometimes "go wrong." It is easier to detect error in those which have been specific but like other more "delphic" statements they also sometimes "go right." In either case their usefulness is dependent upon attention to their assumptions and their logic so as to interpret in a timely manner events which move in ways which have not been foreseen. In this sense Aberdeen University forecasts can claim to be helpful to those who read not only the answer at the end but all the evidence which lies behind their conclusions.

John S. Marsh.

University of Aberdeen,
Department of Agriculture,
School of Agriculture Building,
Aberdeen.

Floating oil fractions

From Mr. J. Andrews

Sir,—The article you carried entitled "U.S. and U.K. approaches to cancer and the workplace" (December 19) implied that environmental pollution from evaporated light fractions of oil possibly causes cancer. Of course it has been accepted for some time that such pollution is unpleasant and to be avoided, and additionally very significant cost savings can be achieved if this evaporation can be hindered or halted.

In the U.S., many hundreds of floating vapour seals have been installed in oil storage tanks, partly to meet environmental control legislation, but as the cost of these seals can be recouped in approximately two years there is a strong economic argument for their installation as well.

In Europe too, vapour seals are being installed at an ever increasing rate into existing oil storage tanks. Sadly the U.K. lags in this field, having neither the legislation nor the inclination to insist that action is taken. To my knowledge there are less than half a dozen seals installed in this country, and these are only for evaluation purposes.

The U.S., with more than 10 years' experience in this field, has shown that on either economic or environmental grounds the capital cost of installation is justified, so surely the combination must be irresistible.

J. M. H. Andrews.

E. C. Payter and Co.
Conegyre Industrial Estate,
Tipton,
West Midlands.

More solicitors needed

From the Chairman, British Legal Association.

Sir,—More salaried (that is state or local authority employed, or subsidised) solicitors are needed, according to the National Association of Citizens' Advice Bureaux, December 19, to "make legal services accessible" to the public and, "price ceilings should be fixed." The NACB also finds the number of complaints about solicitors "disturbing."

So do I, not least because the NACB seems all too ready to equate "complaint" with "justifiable complaint," and seems to be blissfully unaware that to the relatively small number of such justifiable complaints has been added comparatively recently (due to widespread stirring up by radio, television, the popular Press and political activists) a host of grievances and alleged grievances unfairly blamed upon solicitors. The NACB should try to inject some common sense into many of its customers instead of giving the appearance of encouraging the notion that a complaint is a complaint, and is therefore meritorious.

What is required to make legal services "more accessible," is for Parliament to relax the absurdly restrictive financial limits for granting legal aid; to provide block grants for solicitors to set up practice in deprived areas — as is done with doctors under the NHS — and to encourage people to consult solicitors instead of allowing busybodies to frighten them away. As to "price ceilings," perhaps the NACB in its wisdom, or lack of it, can tell us why solicitors should have to subsidise many of their clients even more than at present. Is it supposed that the legal profession is immune from inflation or increasing overheads and cannot only continue on levels of fees for court work originally fixed years ago, but in fact now work in many cases for nothing, or virtually nothing.

The NACB would be well advised to get out of the political arena and to stick to its own last. If Parliament required courts to reward successful litigants with an order for all costs properly incurred against the other party, there would be less disincentive to litigate proper cases.

S. P. Best.

29, Church Road,
Tunbridge Wells, Kent.

Link under the Channel

From Mr. R. Bonwit.

Sir,—The decision to sell off the tunnel digging machines left in situ when the Channel Tunnel project was abandoned "for the time being" is ill-timed. It may be interpreted as a victory for the anti-rail lobby in the transport field — but it may prove embarrassing to those concerned with energy supply. The British and French leaders have just publicly endorsed the plan for a link under the Channel between the electricity grids of their two countries. Obviously the pilot tunnel — the initial stage of the Tunnel project of which the Folkestone "digger" was engaged when work ceased by order of Parliament — would provide a most adequate route for the proposed electricity link; it could also, at a later stage be used for the transfer to the Continent of liquefied North Sea gas. In this way the rail share of the cost of a Channel Tunnel could be reduced considerably — but that is precisely what the road lobby does not want.

Ralf Bonwit.

Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames.

Currency as a commodity

From H. Yontian.

Sir,—When I first visited Switzerland in 1938 I received 18 francs for my £ and could live there privately on £50—for three months. To-day I cannot even get four francs for the pound sterling, despite Mr. Healey's efforts to strengthen it.

One learned at school and university that the rate of exchange between two countries reflected their mutual trading. But this theory applies neither to the £ nor to the $ in Switzerland to-day. Far nearer the truth is the effect that enormous speculation in currency, not directly associated with the buying and selling of goods and services, has on to-day's rates of exchange.

If only currency were not automatically regarded as a commodity in international trading but only allowed for the buying and selling of goods and services and for tourism, we would surely then have exchange rates much nearer to reality, to the benefit of import and export, whose exponents are currently the victims of gross speculation.

H. Yontian.

Steinackerstr. 2,
CH-8152 Glattbrugg.

The problems of auditors

From Mr. J. Cripps

Sir,—Mr. Edward Stamp's article (December 14) serves only to illustrate the exhausted authority of professors of accounting. We got a Cook's tour of the accountancy profession's problems, no time or space for constructive appreciation, and, perhaps naturally from an academic, anything but a true and fair view.

The present strength of the accountancy profession is its commitment to tackle problems; the decision to discuss them openly; and the courage to try to successfully overcome them, even if it takes a little time.

It really is no good to talk of revolts from a tower in Lancaster. No doubt the Stamp peo was ready to criticise the acquiescence of accountants had the current cost accounting proposals been accepted. The whole point of an exposure draft is to seek out opinions—even an academic should be able to understand that.

Inappropriate similes about donkeys make an ass of the author. The problems on foreign currency translation are not a life-or-death issue. Nor for that matter are the other issues he charged all over. The point is to attempt a meaningful improvement to existing procedures.

Mr. Stamp writes "it is absurd" to argue an auditor can have non-beneficial trustee shareholdings, discharge his functions as a trustee and be independent. Yet auditors are doing that to-day. His comments on audit requirements for small companies, aggressive and excessive competitiveness, the leisurely approach to self-regulation and the non-existent case for auditors limited liability are clearly one-sided and possibly wrong. What is his definition of that "objective and detached" view which he writes is "clearly essential"? It needs to be stated and one might venture to suggest that his definition may not be universally accepted.

Jeremy G. A. Cripps.

21, Mill Lane, N.W.6.

Tax on a wife's earnings

From the Head of the Department of Accountancy and Professional Studies, Huddersfield Polytechnic.

Sir,—With reference to the statement by the Equal Opportunities Commission on income tax and sex discrimination (December 16) I am convinced your headline was the wrong way round. If my wife works I have to pay tax at the higher rates on her earnings, or if we elect for wife's separate earnings assessment, I become a single man for tax purposes, losing out on allowances set against my pay.

I was an observer in the local county court recently when the Inland Revenue was seeking orders against at least 12 men for non-payment of tax on their wife's earnings, many of them I am sure not even being aware that their wives were earning.

B. Murphy.

The Polytechnic,
Queensgate, Huddersfield.

To-day's Events

OFFICIAL STATISTICS

Capital expenditure by manufacturing, distributive and service industries; and manufacturers' and distributors' stocks (third quarter, revised). Car and commercial vehicle production (November, final). New vehicle registrations (November). Finished steel consumption and stock changes (third quarter, final). Bricks and cement production (November).

COMPANY MEETINGS

Aberdeen Trust, Aberdeen, 12. Boazer (C. H.), Bath, 12. Cumulus Investment Trust, 20, Fenchurch Street, E.C., 12. Moss Engineering, Warwick, 2. Muirhead, Hyde Park Hotel, S.W., 11.15. Palmerston Investment Trust, Winchester House, E.C., 12. Peters Stores, Newcastle upon Tyne, 12. Radley Fashions, Berners Hotel, W., 10. Scottish and Mercantile Investment, Winchester House, E.C., 12. Stocklake, Winchester House, E.C., 12. Sungei Bahru Rubber, 1-4, Great Tower Street, E.C., 12.

SPECIAL SERVICES

St. Botolph, Aldgate, E.C.3, Carols and readings, 1 p.m. St. Mary Woolnoth, Lombard Street, E.C.3, Businessmen's service, 1.05 p.m. St. Margaret Pattens, Eastcheap, E.C.3, Blessing of the crib and carols, 1.15 p.m. St. Lawrence Jewry next Guildhall, E.C.2, Lord Mayor of London and Sheriffs attend Christmas service, 5.30 p.m.

OPERA

English National Opera production of Dalibor, Coliseum Theatre, W.C.2, 7.30 p.m.

D'Oyly Carte Company in Iolanthe, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

BALLET

Royal Ballet dance The Sleeping Beauty, Covent Garden, W.C.2, 7.30 p.m.

EXHIBITION

Anatomical drawings by Leonardo da Vinci (from the Royal Collection), Royal Academy of Arts, Burlington House, Piccadilly, W.1 (until February 19).

COMPANY NEWS + COMMENT

Sotheby better than expected at £4.87m.

AGAINST A forecast of not less than £4.6m., made at the time of the Offer for Sale in June, Sotheby Parke Bernet Group reports pre-tax profits ahead from £3.35m. to £4.87m., for the year to August 31, 1977.

Turnover improved from £19.56m. to £24.19m. and after tax of £2.44m. (£1.64m.) and minorities, the attributable balance was up from £1.71m. to £2.44m.

Earnings per 25p share are given at 23.9p (17p adjusted) and the final dividend payment is 3.0754p net.

The directors state that the company has made an encouraging start to the current year. They announce that agreement has been reached for the sale in London in June next year of a major overseas collection of works of art which will be the most valuable collection consigned to London this century. It is estimated that it will realise more than the proceeds of the Mentmore auction sales last June.

● comment

Sotheby's full year profits are ahead by 46 per cent. on a sales increase of 24 per cent., reflecting the progressive tightening of financial controls within the last few years. Interest charges down a third on 1975-76, and a very good season in London. The company seems to have outpaced Christies latest figures which were affected by heavy start up costs in New York. Mentmore gave Sotheby an added boost but the two largest individual collections accounted for less than 7 per cent. of turnover. Moreover the main auction may have a greater impact this year as the company is hinting at a significant auction of the late Robert Lynn Hirsch collection. In the summer Sotheby has its feet planted in both New York and London—the two biggest auction centres—but even so business can be cyclical, as Christies has shown, though long term the company can well ride out the fluctuations. At 206p, the shares are fairly rated with a p/e of 8.4 and yield of 3.8 per cent.

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
AGB Research	14	5	Lindustries	14	3
BOC International	15	4	MEPC	15	5
Borthwick (Thos.)	15	1	Negretti & Zambra	14	4
Edbro Holdings	14	4	Paterson (R.)	14	2
Electric & General	14	4	Record Ridgway	15	4
Highgate Optical	14	5	Sotheby Parke	14	1
Hampton Trust	15	4	Tricentrol	14	7
Hutchinson	15	5	Wolverhampton Dudley	14	3
Internl. Factors	14	6	Woodrow Wyatt	14	3

Upsurge by R. Paterson

FOR THE six months to September 30, 1977 taxable profits of R. Paterson and Sons jumped from £69,000 to £384,000. This puts the interim figure already £126,000 ahead of the record £459,000 for the last full year and the directors state that they are confident that the second half of the current year will show a satisfactory outcome.

First half turnover was up from £6.09m. to £7.97m. and profit was struck after interest of £160,000 (£77,000). Tax for the period accounted for £225,000 (£47,000).

The net interim dividend is 1.0375p (nil): last year's final payment was 2.2825p.

Changes at Burrell

Following the creation of the new subsidiary company, Burrell Colours, earlier this year, Burrell and Co. will effectively become a holding company concerned with corporate finance and corporate strategy.

The responsibilities of the directors of Burrell under the chairmanship of Mr. Michael Ashworth have been adjusted from January 1—Mr. G. K. Burrell becomes deputy chairman, and resigns from Burrell Colours. Mr. W. W. Hedley becomes responsible for corporate finance, and Mr. B. Howe will be responsible for corporate strategy.

Mr. D. King is resigning from the Board of Burrell so that he can devote himself full-time to the affairs of Burrell colours.

consolidating its position by its capital investment programme.

As reported on December 7, taxable profits for the year to September 30, 1977 improved from £5.19m. to £5.77m. on turnover up from £34.86m. to £41.76m.

The directors report that a professional valuation has been made of the group's freehold and leasehold properties. It is five years since the last valuation was carried out and the growth of the company in that period is reflected in the increase over book value which is now shown at £23.5m., as against £16m. previously.

The AGM will be held in Dudley on January 25 at noon.

Woodrow Wyatt still in the red

FOLLOWING ON the steep slide into a £246,963 pre-tax loss in the second half of 1976-77, printers Woodrow Wyatt remained depressed for the half-year to September 30, 1977, with a deficit of £248,348, against a profit of £7,268. Sales were marginally higher at £2.87m., compared with £2.76m.

However, the directors report that a better trading climate is now evident and there has been a significant turnround in the business. Since half-time the group has traded profitably and on the present state of orders a profit is expected for the second half.

No interim dividend is to be paid. The last payment was 1.13p net interim for 1975-76 when there was a £15,334 full-time surplus.

Edbro drops to £1.13m. midway

WITH TURNOVER down from £11.69m. to £11.41m. taxable profit of Edbro (Holdings) slumped from £1.77m. to £1.13m. in the six months to September 30, 1977.

Mr. L. V. D. Tindale, chairman, says the period of short-time working mentioned at the AGM continued for 2½ months of the period, and the profit that was expected to arise following the return to full-time working was eroded by several weeks of industrial unrest at its Bolton plants at the close of the period.

But the first two months of the final half have shown a recovery to encouraging activity levels. However Mr. Tindale does not think it likely that profits (excluding Edbro (Scotland) and Longton Machinery Supplies, acquired in September and December) will equal last year's £3.61m.

The best assessment is that some of the first-half shortfall will be recovered.

Earnings per share for the first half are shown at 8.44p (12.49p) and the interim dividend is up from 1.82p net per 25p share to 2.03p. A 3.7762p final was paid last year.

	Half year 1977 £	1976 £
Sales	11,411,107	11,689,329
Interest	113,556	58,615
Asset sale profit	14,370	65,245
Except. debits	70,377	67,000
Temp. employ. subsidy	—	236,548
Pre-tax	1,133,348	1,771,208
Tax credit	129,000	—

* Profit.

● comment

Edbro's consistent growth pattern has been broken with first half sales 2.4 per cent. lower while profits are down by more than a third. The short explanation is that the worldwide economic recession has at last caught up with the company and demand for hydraulic tipping gear is slack. And while the market was expecting an unexciting year, the results left the shares 6p lower at 130p. Sales volume during the period slipped about 15 per cent. mainly because of local authority cutbacks at home and lower capital spending overseas, and margins—off more than five points—were hit by short-time working and industrial disputes. It is difficult to see any prospect of growth in the U.K. (75 per cent. of sales) because Edbro already holds three quarters of the home market so that leaves overseas markets, and here competition is stiff; while the strong pound is eroding profits. The market expects no more than £3.3m. for the year, and that puts the shares on a prospective p/e of 6.6 while the yield is 7.4 per cent., covered more than three times.

Wolverhampton & Dudley outlook

Mr. E. J. Thompson, chairman of Wolverhampton and Dudley Breweries says in his annual statement that the company has made an encouraging start to the current year. Subject to measures which the Government may take following the Price Commission report on beer prices and margins published in July, he is confident of the company's ability to continue to achieve growth while

Sir Leslie Smith, chairman of BOC International, who reports profits of £82m. for the year ended September 30, 1977.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AGB Research	int.	1.1	Jan. 30	1.3	—	2.08
BOC Intl.		†1.8	April 3	1.56	3.14	2.66
Edbro (Holdings)	int.	2.03	Jan. 30	1.82	—	5.6
Electric and Gen.	int.	0.85	Feb. 1	0.5	—	1.2
Hall Bros.		2.64	—	2.64	5.55	8.25
Highgate Optical	int.	0.83	Feb. 9	0.86	—	2.17
Hutchinson	int.	3	—	2.5	—	4.4
Lindustries	int.	3	—	1.4	—	4.4
R. Paterson	int.	1.04	Feb. 11	Nil	—	2.28
Record Ridgway		†3	April 1	1.83	4.3	3.04
Sotheby Parke Bernet		3.08	Jan. 3	—	5.08	—

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Electric & General falls at halftime

Despite recovering from £129,183 to £154,322 in the second quarter, pre-tax profits of Electric and General Investment ended the six months to November 30, 1977, down from £272,723 to £223,185.

Earnings per 25 pshare were shown lower at 0.82p (0.94p) and the net interim dividend is raised to 0.85p (0.5p). The directors anticipate paying a final at least maintained at the 0.8p paid last year from record profit of £0.47m.

AGB Research sees dividend increase

Consumer and industrial market research group AGB Research is paying a 1.1p interim dividend compared with 1.3p last time, but intends lifting the total payout by the maximum permitted.

The interim represents approximately half of this total and with the reduction in the interim, directors have in mind the benefit

to shareholders which may arise from possible tax changes later in the year.

If dividend restraint is lifted before the final is declared, the Board hopes to recommend a dividend more indicative of the group's progress.

Half-year results will be announced next month and management figures show that these are likely to be "most satisfactory." Profit last year totalled a record £0.99m., and at halfway stood at £0.38m. A 0.758p per 10p share final was paid.

54% jump for International factors

WITH THE VOLUME of business 25 per cent. higher at £157m. pre-tax profit of International Factors jumped 54 per cent. from £456,000 to a record £702,000 in the year to September 30, 1977.

Mr. W. W. Renilson, chairman, says results for the company, which is 74 per cent. owned by Lloyds and Scottish and the remainder by the First National Bank of Boston, reflected the upturn in national business confidence.

While base rates were lower than anticipated the demand for the company's services and funds was buoyant, particularly in the second half with instrumentation, metal stockholders and the oil and plastics industries recording the largest growth. General engineering and textiles continued to be depressed.

In the year the majority holding in International Factors A/S was sold to Faellesbanken for Danmarks Sparekasser A/S, with International Factors retaining 18 per cent. Also International Factors (Ireland) was disposed of during the year.

Tricentrol at £3.4m. after nine months

WITH THE car, truck and builders' merchants sections of the commercial division showing strong growth and North American oil and gas operations lifting their contribution sharply, pre-tax profit of Tricentrol jumped from £1.39m. to £3.4m. in the nine months to September 30, 1977.

At half time profit was up from £883,000 to £2.46m. Total turnover for the nine months was £18.12m. higher at £70.51m. Profit for all 1976 was £1.97m.

Looking at the European commercial division, directors say that the car section produced an excellent performance in a strong market with a fine first-time contribution of £54,000 for the third quarter from the newly acquired Brown and White of Leeds.

All parts of the truck business contributed to a very satisfactory quarter, including encouraging results from the specialist service companies, Chassis Developments, and Truck and Van Rental.

The travel business continues to perform well, while the recovery by the U.K. builders' merchants side confirms that the new organisational structure is working, they say.

Sales volumes of hardware and gardening supply operations remained depressed in the quarter, while a satisfactory period for the Dutch builders' merchants side has put results well ahead of last year. There is however some concern about the severe competition being experienced in the boiler market.

The Australian manufacturing subsidiary performed satisfactorily and improved profits are expected following the introduction of the TST spray gun.

The Canadian builders' merchants subsidiary performed in line with plan, and the result is consistent with a break-even record for the full year.

The future of the South East Asian paper products business remains under review, while the Australian and South East Asian trading results have not been included following the decision to close these operations.

In the exploration division average daily output of oil in the U.S. fell from 368 barrels to 285, and gas (in thousands of cubic feet) from 17,300 to 15,000. In Canada, however oil climbed from 1,473 to 1,587 barrels per day and gas from 3,580,000 to 9,700,000 cubic feet.

So far this year Tricentrol has been involved in 27 exploratory and development wells in Canada with nine completed as oil wells and 13 as natural gas wells. Four further wells were drilled in Tricentrol properties at no cost to the company and completed as potential gas wells, and a fifth farmed-out well encountered both oil and gas.

In north-central Montana, six out of 11 wells drilled were completed as gas wells, and of wells farmed-out five gas completions resulted.

In the Gulf Coast area three wells and one gas well discovered from 13 drilled.

In the U.K. the first two wells and the hook up and commissioning of one production train nearing completion on the Thistle "A" platform, although first production over the Single Anchor Leg Mooring has been delayed until late December or early next month. Conversion of the two tankers to bow loading also delayed although the tanker should be ready to receive crude on December 30, 1977.

	Nine months 1977 £000	1976 £000
Turnover	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Explor. and prod.	[illegible]	[illegible]
Cars	[illegible]	[illegible]
Trucks	[illegible]	[illegible]
Travel	[illegible]	[illegible]
Builders' merchant	[illegible]	[illegible]
Hardware, gardens	[illegible]	[illegible]
Bldrs.' merchant (Dutch)	[illegible]	[illegible]
Aust. (manuf.)	[illegible]	[illegible]
Canada	[illegible]	[illegible]
S.E. Asia	[illegible]	[illegible]
Research expenditure	[illegible]	[illegible]
Central costs	[illegible]	[illegible]
Net interest	[illegible]	[illegible]
Operating profit	[illegible]	[illegible]
Exceptional losses	[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]
Tax	[illegible]	[illegible]
Payable	[illegible]	[illegible]
Deferred	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Minorities	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Attributable	[illegible]	[illegible]

† Loss. * Deduct. ‡ On 7 per Convertible Loan stock.

● comment

An 80 per cent. jump in third quarter pre-tax profits of Tricentrol topped most of estimates, and with nine months figures ahead by £2m. the full year looks capable of reaching £4m. pre-tax. U.S. gas production has come up with a 50 per cent. increase in operating profits thanks to higher prices, but it is the commercial division which is making most of the running with an 183 per cent. improvement in operating profit to date. Cars (Ford and Vauxhall) and trucks have produced impressive gains and builders merchanting has seen a turnround into the black with £200,000 thanks to some reorganisation. But it is the Thistle Field which dominates most interest. Oil should be flowing into the U.K. from that well within a couple of weeks and by late 1978 the company hopes to have 8 linked into the Brent line. Admittedly revenue from Thistle will be soaked up for a further two years in repaying loans on the £60m. project but by then the company should be able to surge in profits. At 176p the shares market capitalisation is £84.7m. and the yield is under 1 per cent. for the prospective p/e is near its fully taxed.

Lindustries interim profits np £0.66m. to £3.71m.

ENGINEERING, TEXTILES and polymer group, Lindustries, hoosted pre-tax profit from £3.05m. to £3.71m. in the 28 weeks to October 15, 1977, on turnover ahead from £40.97m. to £45.75m.

The result includes investment income of £48,000 (£99,000) and associated companies' profits of £100,000 (£109,000), and is after deducting interest of £181,000 (£297,000).

After tax of £1.78m. (£1.49m.) and minority interests of £144,000 (£101,000), earnings per share are stated at 9.48p (7.72p).

The interim dividend is lifted from 1.4p net per 25p share to 3p. A total of 9p (4.4p) has already been forecast and Treasury approval has been granted.

Directors expect results for the remaining 24 weeks to show some improvement over the same period last year, when £3.35m. was earned.

They say that differences arising from the conversion of foreign currency capital and reserves of subsidiary and associate companies will be shown as extraordinary items in the consolidated results for the full year.

Mr. W. E. Luke, chairman, says the engineering subsidiaries showed a satisfactory increase in turnover and profits. Those engaged in motor vehicle components, metal forming machinery and brewing equipment maintained a high level of activity.

The overall improvement in the profits of the polymer processing subsidiaries reflected a return to profit by H. A. Coombs (rubber bands, fasteners and packaging materials) and profitable growth in rubber mouldings. Losses in the industrial rubber sector are restricting progress.

Despite difficult trading conditions in the home market and pressure on competitiveness in overseas markets following the improvement in the value of sterling, both sales and profits have been maintained by the textile companies. The thread manufacturing subsidiary in Italy performed particularly well.

	Half year 1977 £000	1976 £000	Year 1976-77 £000
Turnover	45.747	40,967	78,964
Engineering	17,330	15,825	31,763
Polymer	8,504	7,292	14,856
Textile	10,377	9,989	19,693
Overseas	8,176	7,881	12,652
Trading profit	3,741	3,033	6,522
Engineering	1,196	575	2,247
Polymer	497	263	851
Textile	1,155	1,048	2,163
Overseas	893	624	1,307
Investment income	48	99	186
Interest payable	181	297	499
Associates	100	109	396
Profit before tax	3,702	3,054	6,605
Tax	1,775	1,488	[illegible]
Net profit	1,927	1,566	[illegible]
To minorities	144	101	203
Attributable	1,789	1,465	[illegible]

Overseas, the Mexican fish-net manufacturing subsidiary continued its profitable growth but general economic difficulties in Canada continued to depress the level of sales and profits from John Leckie.

The share of profits from associated companies, all of them now overseas, showed a marked reduction, caused by difficult trading conditions in South Africa.

● comment

Lindustries 21 per cent. pre-tax profit growth has been led by a 35 per cent. increase in engineering profits while an 89 per cent. improvement in the polymer division contains a large element of recovery. Strongest performer in the major engineering division was motor components (Ford is the largest customer) with the group supplying parts for an increasing range of British cars, while Ford has substantially increased its share of the U.K. market. Engineering margins have improved more than a point reflecting tighter controls but a turnover increase of 13 per cent. allows little room for volume increase. Meanwhile around half the polymer division's profit improvement has been generated from the continued recovery at H. A. Coombs but as this began in the second half last year the group is unlikely to maintain this rate of progress. However demand for wet suit material at St. Albans Rubber remains strong. With further progress expected from engineering full year profits may be around £7.6m. The shares yield 9.5 per cent. at 147p on a doubled dividend (as a result of the abortive bid by Hanson).

Stanley Gibbons auction sales

Turnover for auction and private treaty sales of stamps, banknotes, antique maps and playing cards by the auction subsidiaries of Stanley Gibbons International increased by 47.6 per cent. to £3,002,384 this year compared with £2,034,305.

This figure includes £759,405 contributed by two major sales held in Gibbons Frankfurt saleroom.

Negretti & Zambra better

Improved taxable profit of £80,698, against £63,012, was achieved by measurement and control instrumentation group Negretti and Zambra, for the six months to September 30, 1977. But the directors warn that the trend could be counteracted in the short term by the effects of the generally depressed trading conditions mentioned in September. With the greater part of profit due as usual, to be earned in the second half, a full time forecast is difficult, they say.

First half group sales were £382,000 better at £4.46m. Stated earnings per 25p share slipped to 1.2p (2p).

For the whole of 1976-77 taxable earnings were £330,274, and the net dividend was 3.30307p.

	Six months 1977 £	1976 £
External sales	4,461,000	4,079,000
Trading profit	207,403	182,351
Interest	126,705	119,339
Pre-tax profit	80,698	63,012
Tax	40,302	17,996
Net profit	40,196	45,016
Extra-ord. debits	†11,664	—
Attributable	28,532	45,016
Pref. dividends	3,063	3,063

† Reorganisation costs relating to Negretti and Zambra (Aviation).

Improvement for Highgate Optical

On a restated basis, first half 1977 profits of Highgate Optical and Industrial have improved from £103,078 to £136,030.

Last year's figures have been adjusted to take account of losses incurred by the French subsidiary, and provisions for stock write downs made in 1975 which were no longer required and should have been treated as a prior year item in the 1976 interim figures.

At June 30, 1977, the French subsidiary was owed approximately £145,000 inclusive of VAT, by Manufrance of St. Etienne. From present information, the directors feel this debt should be received in full by the end of May, 1980, and as a result of this, no provision is included in the interim figures; but the cost of carrying this debt could affect future profits.

In the half year group turnover came to £2.29m. (£2.02m.). After tax £69,000 (£73,899), the net profit was £67,030 (£29,179). The interim dividend is 0.827p, against 0.863p—last year's total was 2.174p.

HALL BROS. STEAMSHIP LOSS

The group loss of Hall Brothers Steamship Company for the August 31, 1977, year was £138,649 compared with £67,448, after all charges including tax. At halfway there was £68,968 loss.

A 2.64p net per £1 share dividend compares with a total of 8.25p last year. The loss per share comes out at 16.36p against 6.13p.

Jeffin pita

Borthwick criticises EEC import regulation

THE CURRENT capital expenditure programme at Thomas Borthwick and Sons is dominated by a number of large replacement and modernisation projects, and by the EEC import regulations.

The directors report that over the next year or two the group will be forced to carry out alterations to procedures and build other facilities at the export works which are not considered really essential, simply because the EEC authorities insist that this be done.

None of these things will reduce the group's costs or the price of meat to the consumer. "On the contrary the opposite will almost certainly apply," the directors say.

During the year ended September 30, 1977, group expenditure world wide totalled £5m. Most of this was in Australia and New Zealand where the group continues to meet increasingly severe hygienic requirements. Although a drain on cash flow the directors consider this expenditure necessary to maintain business and ensure future profits.

Referring to the requirement in Australia and New Zealand to comply with the EEC directive on the importation of fresh meat from outside the nine member countries they say that although the directive is similar to the requirements of other countries there are some important differences which force the group to spend more than it would otherwise wish. It wants to continue to bring Australasian products into the U.K.

Under the post-year-the-EEC system intervention beef purchasing continued and stocks now exceed 400,000 tonnes in cold storage. The directors are critical of this system but say that there are now welcome signs of a move towards stabilisation based on a scheme similar to the old U.K. Fatstock Guarantee scheme and it is expected that this will create a more orderly market.

Referring to New Zealand lamb the directors report that although the kill was down during the year, prices on world-wide market were disappointing. In the last quarter of the year prices showed some firming and it is expected that the season's production will be almost sold prior to any significant volume of new season's lamb reaching the U.K.

Although the Middle East will continue to be an important market for lambs and Japan will become increasingly important over the next few years, the U.K. will almost certainly continue to be the most important market for many years to come.

Following the group's public listing last year, Dr. W. A. Bullen, chairman, reports that the group has made significant progress towards the second objective in the plan to broaden the group's base so as to open up paths to further growth and to a less cyclical profit pattern. This had been brought about by the acquisition of Midland Cattle Products and Matthews Holdings.

He points out that a substantial part of Matthew's profits come from associated companies in which it holds a minority interest. This he says, is a trap. The cash generated from associate profits is often not available for dividends to the investing company—in this case Borthwick.

The group's policy will be to either dispose of such interests or to move into a majority ownership position.

As reported group profits declined from £6.69m. to £4.4m. in the year ended September 30, 1977, but after a lower tax charge the net balance emerges ahead from £3.79m. to £3.96m. This reflects a tax provision made last year proving to be unnecessary coupled with being able to offset U.K. tax losses from previous years.

Net short-term borrowings increased by £10m. and short-term borrowings have decreased by £3.4m. This reflects in part a re-classification of loans.

The Borthwick family through their ownership of Whitburgh Investments and individual holdings, control around 40 per cent. of the Ordinary shares.

Meeting, 87 Bartholomew Close, E.C., February 3 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Allied Plant, Grellan, Bernakande Rubber Estates, Wallis Fashion. Finals—Bond Street Fabrics, Charter Trust and Agency.

FUTURE DATES

Interims—

Akzo N.V.	Dec. 23
Sotrama	Dec. 23
Wilkins and Mitchell	Dec. 23
Finals—	
Imperial Group	Feb. 7
Investors Capital Trust	Jan. 19
Kamunting Tin Dredging	Dec. 23
Southern Kinta Consolidated	Dec. 23
Southern Malayan Tin Dredging	Dec. 23

BOC profit over £82m.

MAINTAINED taxable profit of £21.8m., against £21.42m., in the final quarter left BOC International ahead, as forecast, from £73.6m. to a record £82.2m. for the year to September 30, 1977. Sales jumped £83m. to £670.6m.

Group trading profit, up from £92.1m. to £101.5m., was reduced by £3.6m. extra depreciation this time, provided following asset revaluations during the year. If exchange rates prevailing at June 30, 1977, had been applied trading profit would have been £750,000 higher, the directors state.

The trading surpluses improved in all parts of the world except in the Americas where there was a decline to £19.8m. (£22.6m.). In Europe the advance was from £33.1m. to £39.5m.

Earnings per 25p share are shown up from 10.04p to 14.49p on increased capital. As forecast at the time of the rights issue in September, the net total dividend is stepped up to 3.135p (2.6598p) with a final of 1.795p.

Deferred tax was calculated in accordance with the proposed accounting standard ED19. The result was to increase shareholders' funds at year-end by £46.6m. to £384.3m. On the new basis the tax charge for the year would have been £38.3m.

The balance sheet includes obligations of £10.2m. under finance leases and related leased assets of £12.1m. These obligations together with net borrowing amounted to £153.6m. (£152.9m.).

● comment

BOC International has just managed to beat the £21.4m. it promised for the final quarter at the time of the rights issue in September. This slow down in the quarterly growth rate is likely to continue given the upward movement of sterling. The 2½ cents gain between the end of June and the end of September has lightened profits by £750,000, and at current levels BOC could shed up to £2m. in the fiscal year. Moreover the burden of a four-week industrial dispute could cost another £m. Whether the group's increased holding—from 34 to 49 per cent.—in Airco can make up the difference is arguable. BOC's share of Airco's pre-tax profits were this year—£18.6m. against £19.7m. In any event the increase in the holding will not be completed until the third quarter of the current year. Analysts are looking for no more than £90m. for the year. At 79p the shares stand on a p/e of 3 (adjusted for the rights) and yield 6.2 per cent.

MINING NEWS

OFS chairmen see gold rise continuing

BY KENNETH MARSTON, MINING EDITOR

A BULLISH view of gold—even at current levels ($160) per ounce yesterday) the market appears strong—is taken by Mr. D. A. Etheredge and Mr. O. B. Roffe in their annual statements with the reports of the Anglo American Corporation group's Orange Free State gold mines.

A slight falling off in sales to the Middle East has been balanced by increased activity in Hong Kong and Singapore while industrial demand has been maintained in Europe; it is pointed out that the weakening U.S. dollar has meant that the cost of gold to European fabricators in their own currencies has not risen in step with the dollar price.

Sales of Krugerrand coins are going well and this year are expected to account for over 90 tons of South African gold production and a marketing plan to cover all of Europe is being prepared.

The trend of gold production being easily absorbed at rising prices is expected to continue, provided speculation does not disturb steady growth. If speculation should develop, prices could go "significantly" higher but there would be a greater degree of instability in the market, say the chairmen.

They also point out that increased electricity charges are a more important factor in the rise in working costs than increased wages. At present power charges account for nearly 8 per cent. of gold mine working costs and a further increase of 20 per cent. in power charges for the OFS gold mines is scheduled for January. On the other side of the coin, uranium production from the expanded OFS Joint Metallurgical Scheme is to start in May, 1980.

On the subject of mine labour, the chairmen stress the need for job advancement for black employees, a subject which has always aroused the ire of the white Mine Workers' Union. The chairmen say that "we have made it clear that there are no grounds on which racial discrimination can be justified."

"Existing white employees are promised that they will neither lose employment with the company nor suffer a drop in pay as a result of any alteration in labour utilisation. Moreover, an undertaking is given that no job held by a white employee will go to a black at a lower rate of pay on the sole criterion of reducing costs."

The news that U.K. investors will no longer have to surrender 25 per cent. of the proceeds from the sale of overseas investments was greeted in the South African gold share market yesterday by a widespread marking-up of prices.

Hopes are that the removal of this effective tax will increase London business to the point where another firm of jobbers might enter the gold share market which at present has only one firm, Smith Brothers.

At the current effective dollar premium of 40 per cent. the surrender meant that a seller had to part with about 7 per cent. of his sales proceeds, ignoring other charges. The removal of this impost could encourage the return of short-term purchasers, especially those who deal within a fortnightly trading account.

Furthermore, many small investors have not fully understood the premium surrender rule and have thus shied off overseas investments. Instead they have turned, for example, to the U.K.-based Consolidated Gold Fields in order to participate in the revived fortunes of the South African gold mining industry despite the fact that, unlike the South African companies, Gold Fields has to meet the requirements of U.K. dividend restraint.

For Eastern-registered tin shares should also become more attractive, but the general depression in other base-metal prices means that shares of the producers are unlikely to be much effected. For this reason the dropping of the surrender rule is unlikely to stimulate the present market in Australian mining issues, with the possible exception of the potential uranium producers.

On balance, it seems that the major impact of the change will be on South African issues where dividend yields are relatively high and where the political situation is such that investors do not care to linger too long, but hope for a fairly quick profit.

KAMUNTING ON A STEADY COURSE

The Malaysian tin producer, Kamunting, which changed its domicile from London to Kuala Lumpur last June, expects that its profits in the current year to end of March, 1978, will be at least equal to the £124,074 net earned in 1976-77.

In his annual statement, Inche Abdul Rahim Aki, the chairman, comments that tin output in the first half of the year at 239 tonnes of concentrates was practically the same as in the similar period of the previous year. "It is not anticipated that there will be any material improvement for the remaining six months," he adds.

The shares yesterday were unchanged at 76p in front of the report.

RIGHTS ISSUES TO FUND WORK AT NABARLEK

Preparation for the eventual development of the Nabarlek uranium deposit in Australia's Northern Territory moved a stage further yesterday when rights issues were announced by Queensland Mines (QML), which found the deposit, and by Kathleen Investments which holds 50 per cent of QML.

QML is seeking to raise $A3.84m. (£2.3m.) through a one-for-four issue at a price of $A1 a share. This is just less than half the current market value. The issue is not being underwritten but Kathleen Investments has agreed to take up its entitlement.

The Kathleen rights issue is precisely for the purpose of taking up this entitlement. It also is a one-for-four offer, and the price has been set at 75 cents. Again this is just under half the current market value of the shares. Kathleen aims to raise $A1.85m. (£1.1m.).

A statement from QML said the funds would be required next year "to continue project engineering work and to maintain an advanced state of readiness to develop the Nabarlek deposit when all necessary agreements have been concluded and approvals given."

Eventually QML hopes to fund the Nabarlek capital costs, estimated at $A30m. (£18.2m.) through loans or through advances against forward contracts.

Our Sydney correspondent points out that the Australian Government gave approval to uranium mining in general terms last August. However, even when approval is given for Nabarlek specifically, the effects of the wet season will mean a delay of between 15 months and two years before the project can start up.

Dealings in QML shares have been suspended in London since 1971 owing to Australian Government provisions on overseas ownership of domestic uranium resources.

BIDS AND DEALS

Approach to Newman Granger

ares of Newman Granger In-ies jumped 9p to 35p yester- valuing the company at following announcement of over approach.

offer might follow but the tors stated that they did not whether it would be accept-

wman Granger's main activi-re precision engineering and facture of car jacks and ultural components. Its pre-rofit for the year to July 31 year was £509,237.

ERGY FINANCE QUISITION

rgy, Finance and General has acquired the equity of erpool-based private invest-company, Silkbarn Manage- EFG is the financial ser- company headed by Mr. Barkway (formerly of d Bates). The purchase of rn, from its chief execu- Michael Hope and mem-his family, takes the com- for the first time into the agement of private clients' s.

kbarn was established by Mr. some three years ago, and has funds of some £6m. under gement. Most of this is te clients' money, but the any also looks after the s of one or two small pen-funds. Its acquisition by will, Mr. Hope believes, per-ilkbarn to expand from port-management into the more al field of assnt management. purchase consideration has been announced, but it is on a formula related to under management and profits. It is being settled shares of Energy, Finance eneral.

Hope will continue as chief tive of Silkbarn, which is ma es a separate profit within EFG. Mr. Michael n is to join the Board as ecutive director, while Mr. ay, Mr. J. V. Woollem and olin Rae are joining as non-tive directors.

LIED POLYMER

ample information in support of its case to enable them to make a sound judgment." The company argues that "We believe we are entitled to be as fully informed in the case of an agreed bid."

LAFARGE RAISES PREF. ELEMENT

In view of representations received from an institutional investor, Lafarge SA has decided to increase the cash consideration payable to Preference holders of Lafarge Organisation from 75p to 89p. The scheme, emended accordingly, will be put before the meetings being held to-day.

Lafarge will appear on the hearing of the petition to sanction the scheme and agree to the amendment thereof.

Lafarge has stated that it will not, in any circumstances, increase the cash consideration payable to Ordinary holders or to Preference holders except to the extent referred to.

LEISURE & GENERAL

Ladbroke Holidays has received an acceptance of its offer of 60p cash for each Leisure and General Holdings, from the largest remaining shareholder outside the L and G Board and Industrial and Commercial Finance Corporation. The number of shares covered by the acceptance is 364,018, being some 3.5 per cent. of the total in issue.

This acceptance follows on the previously announced purchase of about 14.5 per cent. of the L and G shares in issue for 60p cash per share. These were bought by a fellow subsidiary of Ladbroke from subsidiaries of First Castle Securities.

BIT PRICE

The value of the National Coal Board Pension funds' successful offer for the British Investment Trust has been established by accountants Thomson McLintock at 167.44p a share, and this will be forwarded to shareholders who accepted the offer, not later than January 4 or receipt of their documents, whichever is later. The offer for the Preference has been declared unconditional and early tender will further notice while the convertible debenture holders as soon as possible.

NEIL & SPENCER

Agreement has been reached for Neil and Spencer Holdings to acquire the laundry machinery manufacturing interest of Baker Perkins by the purchase of the wholly owned subsidiary, Baker Perkins Jaxons. Total consideration will be some £200,000 and will be based on the net asset value at December 30, 1977. Payment will be in three parts—£50,000 on completion and £100,000 on March 31, 1979, with a balancing amount on March 31, 1978.

Baker Perkins Jaxons, which will be renamed Spencer Jaxons, has sales of approximately £2¼m. per annum and is trading profitably. Baker Perkins, under a separate agreement, will continue to manufacture for Spencer Jaxons those products which it previously manufactured for Baker Perkins Jaxons.

AURORA BUYS WM. OXLEY

Aurora Holdings has agreed to acquire the capitals of Wm. Oxley and Co. and its associated company Stainless Turnings for £336,000 to be satisfied by the issue of 383,992 Aurora Ordinary shares. The agreement is conditional upon the new shares being admitted to the Official List.

The principal business of Oxley is that of manufacturing stainless steel forgings from premises at Rotherham. Combined profits before tax of Oxley and Stainless Turnings for their respective years ended December 31, 1976, and April 30, 1976, were £49,213 and the combined net tangible assets at such respective year ends were £110,173.

W. L. PAWSON

For a total consideration of £86,546, W. L. Pawson and Son has acquired the capital of Wilbefort (Rainwear), H. S. Wilkinson (Weatherwear), and Retlaw from Mrs. B. D. Askew, her family and family trusts.

The consideration is to be satisfied by January 31, 1978, by the issue of Ordinary shares of Pawson to the vendors which are to be placed on their behalf by Henry Cooke Lumsden. At January 31, 1977, the net tangible assets of Wilbefort were £194,000 and the aggregate net profit before tax for the year ended on that date was £9,173.

Wilbefort retails men's and women's clothing through its chain of 14 leasehold shops trading under the names "Retlaw" and "Wilbefort." In shopping centres throughout Yorkshire. Pawson believes that Wilbefort will complement its existing business by providing increased scope for its manufacturing as well as broadening its activities in the retail field.

MALLINSON-DENNY

Mallinson-Denny has purchased, subject to contract, the capital of Boods (Mackworth) of Derby for a total consideration of £235,000 cash.

Boods operates as joinery makers and timber merchants. The Mallinson-Denny Group's distributive network will be considerably strengthened by the acquisition.

MONEY MARKET

Signal on interest rates

Bank of England Minimum Lending Rate 7 per cent. (since November 25 1977)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a moderate amount of Treasury bills from the discount houses and banks, and bought a small number of local authority bills.

Banks brought forward large surplus balances, but this was outweighed by a slight net take-up of Treasury bills; a fairly large excess of revenue payments to the Exchequer over Government disbursements, although tax payments were smaller than expected, and repayment of seven-day and overnight market advances; settlement of the authorities gilt-edged sales.

Discount houses paid 6½-7 per cent. for secured call loans at the start, but closing balances were taken at 3-4½ per cent., suggesting that the amount of help given by the authorities was probably overdone. Banks will probably bring forward surplus balances, but with expectations of very large applications for the gilt-edged tap stock announced last Friday, there is likely to be another shortage of funds to-day.

way there was e loss of £93,659. The company has paid a dividend.

Virtually all the trading loss for the period occurred in the Cherryfields residential development at Stone. The turnover represents the sale of six houses.

Since the end of September a further five houses have been sold. There remain 27 houses to be completed, of which four have been reserved. It is envisaged that all these will be sold by December 31, 1978, and, this being so, the directors believe that no further material losses will be incurred in this development.

Apart from Cherryfields, the company's income arose from rents received and interest on deposits. The former will be increased by £47,000 in a full year with the acquisition of Glanthorn which was completed on December 12, 1977.

Cash and investments in gilt-edged securities amount to about £300,000. It is anticipated that there will realise another £250,000 over the next year as the Cherryfields development is completed.

The directors say the expansion of its clients own businesses, indicating an improvement in trading conditions for the small and medium sized companies which form a significant proportion of the company's portfolio."

Inquiry level from prospective clients is still at a high level and prospects for new business look encouraging, he adds.

Trading profit better at Alex Lawrie Factors

Trading profits of Alex Lawrie Factors improved to £697,348 for the year to September 30, 1977, against £424,496. Debts factored were up from £71.6m. to £98.4m.

Mr. Malcolm Smith, the managing director, says "1977 has been a year of strong growth for the company. Turnover growth benefited particularly from the

Record Ridgway £0.45m. increase

AS FORECAST at the time of the November rights issue hand tool manufacturers Record Ridgway lifted taxable earnings from £1.96m. to a peak £2.41m. for the year to October 2, 1977. Sales grew £2.27m. to £17.70m., with the U.K. export content up 27 per cent. at £7.26m.

Mid-term profit was ahead at £1.04m., against £803,000.

The strenuous efforts to increase the company's share in overseas markets have continued successfully, and this has counteracted the depressed home demand. However, the appreciating sterling exchange rate, combined with persisting higher levels of U.K. inflation, have caused additional pressures, the directors say.

The trading surplus by overseas companies fell from £425,000 to £280,000. U.K. companies improved their surplus by 36 per cent. to £2.19m.

Stated earnings for the year per 25p share were up from 10.28p to 13.05p and a net final dividend of 3p. on increased capital, as forecast, steps up the total to 4.5p (3.0987p).

Acceptances in respect of the rights issue amounted to 2.11m. shares, equivalent to 94.72 per cent.

The smaller overseas companies have weathered the recession well in their respective countries, and all have traded profitably, although at a lower level than in the previous year.

The main reason for the substantial reduction in both overseas turnover and profit is due to the movement in the rate of exchange applied at the accounting date. The difference in the conversion rate was in excess of 15 per cent. between 1977 and 1976, the directors point out.

	1976-77	1975-76
	£000	£000
Sales	17,704	15,323
U.K. home	8,135	7,029
U.K. export	7,260	5,701
Overseas	2,309	2,593
Trading surplus	2,473	2,032
U.K. companies	2,193	1,607
Overseas	280	425
Interest	63	71
Pre-tax profit	2,410	1,961
Tax	1,226	1,077
Net profit	1,184	884
Exchange (loss)	60	189
Extra-ord. credit	24	—
To minorities	7	42
Attributable	1,141	871
Dividends	469	271
Retained	672	700

† Gain.

Nine-month rise for Hutchinson

Printers and publishers Hutchinson lifted pre-tax profit £80,000 to £410,000 in the nine months to September 30, 1977, on turnover up from £5.3m. to £6.24m.

An interim dividend of 3p per £1 share (2.5p) will be paid following the rise. Profit last year totalled £0.61m. The company has close status.

Hampton Trust cuts loss and optimistic

A reduced pre-tax loss of £10,243, against £58,485, is reported by Hampton Trust for the six months to September 30, 1977. Turnover, representing sales by the company's residential development subsidiary, was down from £174,319 to £90,734 but there was a £4,082 group trading profit, compared with a £44,081 deficit last time.

Over the half-year net assets rose from £430,351 to about £930,000 and the Board is considering further measures to strengthen net assets.

The company is now in a stronger financial position than it has been since 1973 and the directors say they look forward to reporting further progress in 1978. For the whole of 1976-77 there was a loss of £93,659.

MEPC sheds its financial veils

IN A MOVE towards fuller disclosure of information to shareholders MEPC reveals in the 1976-77 annual report for the first time a detailed break-down under capital values of the types and locations of group properties both in the U.K. and overseas together with analysis of income derived from each source.

Sir Gerald Thorley, chairman, says it has been suggested that property companies should provide other supplementary information, such as expected reversions, anticipated net rental income from completed developments and equated yields.

He believes that the provision of such information in summary form could be misleading without the support of detailed tenancy information of every property. The company's income arose from offices and this information is confidential; disclosure, in his view, would not be in holders' best interests.

Denison's huge uranium sale

THE Canadian uranium producer, Denison Mines, yesterday yesterday announced what it called "the largest commercial uranium sale ever made." Ontario Hydro, the state agency, is to purchase 126m. lbs of uranium oxide between 1980 and 2011, subject to provincial Government agreement by the end of February.

Our Toronto correspondent explains that Denison will have to undertake a major mine and plant expansion programme so that 5m. tons of ore may be processed yearly by 1985.

The capital costs will be met by an advance from Ontario Hydro and Denison will make repayments over the delivery period. Denison's Elliot Lake property and plant will be security for the funds advanced.

No pricing details have yet been disclosed, but they will be announced when Ontario Hydro has completed negotiations with Preston Mines of the Rio Tinto-Zinc group. This is expected in early January.

However, Mr. Stephen Roman, the Denison chairman, made it clear that Ontario Hydro would always be purchasing at a level below the prevailing world price. "Pricing arrangements provide that the prices to be paid by Ontario Hydro will be determined from time to time according to a formula which takes into account the cost of production, an agreed margin and world price," Mr. Roman said.

Denison shares yesterday were £37¼.

JOHNNIES CLOSE OTJIHASE MINE

The Otjihase copper mine in Namibia (South West Africa) is to close down and be placed on a care and maintenance basis. The decision was taken yesterday by the South African mining finance house, Johannesburg Consolidated Investment, which holds a direct 49 per cent. interest.

The reason given was the same that other groups throughout the world have offered in similar circumstances—the depressed price of copper. Indeed, the closure of Otjihase is the latest in a long line of copper mine closures particularly in North America.

When the mine has moved finally to a care and maintenance stage, in about nine months time, only some 60 employees of the total labour complement of 1,060 will be left with jobs. Ninety per cent. of the work force is black.

Johnnies is hoping that at least a portion of the labour force may be redeployed on to activities like prospecting.

MINING BRIEFS

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORDIC COMPANIES

Swedish Match disposals

BY WILLIAM DULLFORCE STOCKHOLM, Dec. 21.

SWEDISH MATCH, which reported on Monday that it was selling 29 per cent. of its holding in Wilkinson Match to Allegheny Ludlum Industries of the U.S. for £16.9m., announced to-day that it had sold its 26 per cent. holding in Gullspaang Kraft AB, a Swedish power company, for Kr.145m. (£16.6m.).

The buyer is AB Skandinaviska Elverk, in which 49 per cent. of the stock is held by ASEA, the Swedish heavy electrical engineering group.

Within a week, Swedish Match has thus sold off minority holdings for cash amounting to almost Kr.300m. This is in no way needed to improve the group's liquidity, Mr. Gunnar Dahlsten, the managing director, told the Financial Times to-day.

Despite its problems with the Kübel furniture factories in West Germany, Swedish Match has maintained good liquid assets.

Instead, Mr. Dahlsten, who took over in June, is pursuing a strategy of disposing of "idle assets" as part of a group restructuring, but also in order to amass finance for new ventures. The Wilkinson Match holding, which Swedish Match obtained on the merger of Wilkinsons with British Match, was no longer "a strategic investment" in Mr. Dahlsten's book. It had become "mainly a portfolio investment."

For some years Swedish Match has been diversifying strongly away from its original business, match making. Mr. Dahlsten, who made his reputation as an aggressive marketing man and product developer with the Mölnlycke company, has found that Swedish Match has several interesting new products ready for marketing abroad.

These include kitchen furniture, the world's largest flooring factory, which has started to sell its products in the U.S., and the world's first plastic can, which has already been test marketed. Swedish Match has also test marketed its new lighters in the U.S.

"We are proceeding carefully, so that we do not jump into new projects before we have the funds available to see them through," Mr. Dahlsten said in explanation of this week's stock sales.

Electrolux forecast stands

BY OUR OWN CORRESPONDENT STOCKHOLM, Dec. 21.

IN AN extraordinary interim report Electrolux, the Swedish electrical household equipment group, reports pre-tax earnings of Kr.421m. (£48.1m.) for the first 10 months of this year and also announces that it is buying 19 per cent. of the stock in a Brazilian company.

The report has been issued because of the delay in distributing a prospectus to the shareholders of Husqvarna, the Swedish kitchen equipment and sewing machine manufacturer, for which Electrolux made a Kr.99m. bid last month.

The pre-tax figure for the first 10 months compares with earnings of Kr.443m. for the whole of 1976. Mr. Gosta Bystedt, the managing director, states that the half-year forecast of 1977 earning in excess of Kr.500m. still stands. Sales during the first 10 months totalled Kr.7.3bn. (£837m.) against 1976 sales of Kr.7.6bn. and a 1977 target of Kr.9bn.

At the same time Electrolux announces that it is buying from ASEA, the Swedish heavy electrical engineering group, its holding of about 19 per cent. of the shares in Arno S.A. Industria e Commercio of Sao Paulo, Brazil.

The price is Kr.33m. (£3.8m.) which will be paid through a convertible debenture issue to ASEA. ASEA holds 20 per cent. per cent. of the voting rights. Both companies are regarded as belonging to the "Wallenberg" group.

Arno, which is quoted on the Sao Paulo stock exchange, manufactures and markets vacuum cleaners, mixers, fans and hair-dryers. Its product range also includes electric motors and car components.

After its bid for Husqvarna in November, Electrolux announced early in December that it had made an agreed Sw.Frs.16.6m. (£4.26m.) offer for Therma AG, the Swiss manufacturer of electric household cookers.

The offer to Husqvarna shareholders of a 10-year convertible debenture with a coupon of 8 per cent. and a par value of Kr.120 for each Husqvarna share with a par value of Kr.100 is conditional on acceptance by an Electrolux extraordinary general meeting on January 9. The Electrolux prospectus would be distributed to Husqvarna shareholders on January 11.

Borregaard sees little change

BY FAY GJESTER OSLO, Dec. 21.

NORWAY'S Borregaard group, which spans wood processing, metals, fats, chemicals, textiles and foods, expects net external sales to reach Kr.2.9bn. (£302m.) in 1977, about 9 per cent. higher than in 1976. Part of the increase (Kr.112m.) reflects an acquisition.

A report by the group says operations during the first nine months of this year showed a slight improvement on 1976. Following the latest Swedish devaluation, however, conditions deteriorated, and the final result for 1977 is expected to be about the same as in 1976, when the group had a pre-tax loss of Kr.22.8m.

The report attributes this unsatisfactory result to poor demand in export markets, Norway's high cost levels, unfavourable currency movements and heavy interest costs. It says capacity continues to exceed demand on the market for cellulose, paper and textile fibres, and the fight for market shares has intensified.

The price of copper has been low all year, and in consequence Borregaard's production of copper concentrate has again shown a substantial loss. 1977 has been generally satisfactory, on the other hand, for chemical products and for most of the product lines Borregaard makes mainly for the Norwegian market, such as foods and detergents.

The group does not expect developments in the first half of 1978 to produce any improvement in results.

Allegheny Ludlum's overseas venture

By Stewart Fleming

NEW YORK, Dec. 21.

THE ACQUISITION of control of Wilkinson Match, reported in to-day's Financial Times, would be the first major overseas venture for Allegheny Ludlum Industries, the largest U.S. speciality steel maker. As such it represents another step in a wide-ranging diversification programme at the company, which has been under way for at least a decade, but which has accelerated in the past four years.

The basic thrust of the company's diversification has been to reduce its dependence on speciality steels, which, among other things, have been faced with pressure from import competition. In 1976, President Ford imposed quotas on speciality steel imports from Europe and came to a voluntary agreement with Japanese steel-makers to restrain imports to the U.S.

Allegheny has just completed at the end of November its biggest diversification yet, the acquisition for $210m. of Chemetron, one of the largest U.S. producers of industrial gases, and a leading competitor of Airco, the U.S. associate of BOC International.

The Chemetron deal, completed in the face of a counter offer from Crane Corporation, has increased Allegheny's annual sales rate to around $1.5bn.

In its 1976 financial year, Allegheny reported sales revenues of $859m., but earnings slumped to just $7m. from $30m. In the first nine months of this year, however, there has been a marked recovery. Net profit for the nine months reached $14m. on sales revenues of $720m.

As part of its policy of reducing its dependence on speciality steels, Allegheny has for some time been diversifying into other consumer-related steel products, some of which would appear to fit into the Wilkinson Match product range as a part of what Allegheny this morning described as its "expanded consumer group."

Ferenka liabilities

STEEL cord firm Ferenka, the Irish subsidiary of the Dutch AKZO group which closed operations last month, has estimated liabilities of £22.7m., the High Court was told in Dublin, reports the Press Association.

Two more Spanish banks to merge

BY ROBERT GRAHAM MADRID, Dec. 21.

FOR THE second time within a month a major banking merger is announced, emphasising the important trend towards the consolidation of Spain's banking interests. To-day the boards of Banesto (Banco Espanol de Credito) and Banco Coca have agreed terms for a merger which once again placed Banesto as the leading Spanish bank.

Last month Banesto forfeited this position when the number two Spanish bank and major rival, Banco Central, merged with the medium sized Banco Iberico. Now on the same day in which the Banco Central and Iberico Boards have given formal approval to their merger, Banesto has been able to steal a march.

Although consolidation of interests has been an overriding consideration, rivalry has been considerable. Central, for instance, has been pressing Banesto to remove all its publicity slogans claiming to be Spain's number one bank.

Banco Coca currently ranks twelfth in the banking league with deposits of Pts.70bn., while Banesto has deposits of Pts.500bn. However, if the deposits of the banking group controlled by Banesto (primarily eight other banks) are taken into consideration it has deposits of Pts.652bn.

The new merged bank will have deposits some Pts.20bn. greater than the newly-merged bank created out of Central and Iberico. The basis for the merger is that Banesto exchange three of its own shares against four of Coca. There are some 6m. Coca shares in issue and these were being quoted to-day at 459 per cent. (stock shares are quoted against a base index of 100) slightly down, while Banesto were up from 222 to 230.

The Banesto/Coca merger has been rumoured for about six weeks now. But the negotiations have been kept secret and until recently there was speculation that Banesto was toying with a merger either with Coca or with the 17 banks in the Rumasa group.

The initiative is believed to have come from Coca which is 90 per cent. owned by the Coca family. The rationale was that the bank faced increasing competition and saw no guaranteed future in being a smallish family dominated bank. There has also been talk in banking circles of Coca being strongly involved in the property sector which is now affected by recession.

In any event Banesto was a willing partner, no doubt pressed on by the example of Banco Central.

A spokesman for Banco Coca told the *Financial Times* that the bank was satisfied with a "positive outcome" to the merger talks. Don Ignacio Coca will become the vice-president of Banesto and his two other brothers, Julian and Regino, will also be taken onto the board. The Coca family will now become the chief shareholder in Banesto, raising considerably the 8.8 per cent. stake it already possesses.

The common feature between this merger and that of Central with Iberico is that in both instances a family controlled bank (in Iberico's case the Fierro family) has felt that its future lay with consolidation.

Banesto has the reputation of being the most conservative banking institution in Spain and its board of directors composed of persons like Sr. Gregorio Lopez Bravo have known associations with hardline rightist political groupings like Allai Popular.

Despite its conservati Banesto realises that the fu of Spanish banking depends greater consolidation of the existing commercial banks. C solidation is being forced u the banking community by main factors — the current e nomic recession and the im nent prospect of foreign ba being allowed to operate Spain.

The Government is commit to liberalise its banking p and permit foreign banks operate here. A decree to effect is expected to be nounced shortly. Already authorities have been approa by some 20 banks, includ Citibank, Manufacturers H ver Trust, Bank America, clays, BNP, Banco Commerc Italiana, Deutsch Bank, Dresd Bank, and the Bank of Toky

Although the entry of for banks is expected to be lim at the outset, especially as conditions will be sele (almost penal), the prospec already having an important chological effect on the bank system.

OECD REPORT

Bank credit activity rises

BY ROBERT MAUTHNER PARIS, Dec. 21.

THE LAST quarter of 1977 saw a continued strong expansion of international bank credits, but less activity on the Eurobond market despite the high level of D-mark issues according to the OECD's latest report on financial market trends.

The overall volume of funds raised in 1977, on medium and longer-term capital markets, has been estimated at around $63bn. to $64bn., only a small increase over last year's total of $61.5bn.

Lending volumes on the medium-term syndicated credits market stood up well in the last quarter of this year and are estimated, etc., to have exceeded $31bn. for 1977 as a whole, a 10 per cent. rise over the 1976 record figure. Recent lending activity was boosted by continued heavy demand for medium-term funds by developing countries—both oil exporters and non-oil LDCs—and also by a revival of borrowing from OECD member countries' public bodies and, even more so, by Comecon organisations.

Since there was an overabundant availability of funds, borrowing terms moved further to the advantage of borrowers, and contractual spreads for top quality names dropped to ⅝ from ¾ per cent. Substantial improvements were also recorded in margins obtained by other than prime borrowers a large number of whom succeeded in obtaining spreads below 1.25 per cent. over LIBO rates.

Greater competition among lenders also led to some lengthening of maturities, a development which became more pronounced towards the end of the year.

The outlook for the first quarter of 1978 remains favourable to borrowers, and a large volume of new medium-term Eurocredits, and a further easing of borrowing terms, are being anticipated by the market. Announced borrowing intentions suggest that loan commitments extended within the next three months or so will continue to exceed $30bn. at an annual rate.

Though the coming months are expected to see large scale demands for refinancing facilities, for medium-term loans, arranged in previous years, at less favourable terms, than to-day and of outstanding short-term credits, the availability of funds remains so abundant that first class and many other borrowers should meet no difficulty in raising large amounts at highly competitive terms.

Issuing activity in the Eurobond market, weakened in the final quarter of 1977, as protracted falls in the dollar exchange rate and narrower interest rate differentials brought about a marked contraction of new Euro-dollar issues. At the same time, the Euro-D, mark sector, expanded strongly as technical conditions, such as large differentials between short and long-term rates, and favourable prospects on the exchange rate front favoured the placing of large offerings.

Prospects for the Eurobond markets over the coming months remain highly uncertain, since exchange market developments will continue to have a major bearing on the level of overall activity. But stabilisation of the dollar on the markets would very quickly lead to renewed issuing activity in this sector. Already, high-quality borrowers are in a position to raise substantial amounts if issue terms are adjusted to attract yield-oriented investors. New issues denominated in D-marks should remain heavy.

In recent months non-resident offerings of national bond markets continued to lag behind last year's volumes and, at an estimated $13.5bn., the cumulative figure for 1977 will show a $5bn. shortfall compared with 1976. The situation in this sector is not expected to change very much during the next quarter.

Fall in demand hits VAW

By Guy Hawtin

FRANKFURT, Dec. 2

VEREINIGTE ALUMINI Werke (VAW), the West Ger Government-owned alumi smelting concern, returned loss in the third quarter of year. The latest issue of works magazine said demand had declined notice as a result of the poor econ state of the steel industry the heavy fall in demand ferrosilicon.

Despite improved average sults in the first three quar of the year compared with same period of 1976, turnover had fallen back DM458.9m.—or 4.2 per cent DM1.045bn. At the gro Leichtmetall subsidiary, deve ments had been similar to in the rest of the sector there was a heavy drop in for aluminium semi-finished p ducts and sheets. As a result previous year's product volume had not been ma tained.

There had recently been particularly sharp drop in mand for normally high volu standard rolled products in Norf plant. In contrast, sector had reported a turnov of DM694m. in the first thr quarters of 1977—an increase 14 per cent. on the previou year's totals.

The concern's earnings situa tion had gravely worsened in third quarter of the year. Th biggest drop had come in the end demand in the semi-finish products sector which went loss in the third sector after profitable first half.

MEDIUM-TERM CREDITS

Elf Aquitaine raising $50m. loan

BY FRANCIS GHILES

SOCIETE NATIONALE Elf Aquitaine is raising $50m. for seven years, on a split spread of ⅞ per cent. for the first four years rising to 1 per cent. for the last three, from a group of banks led by Bayerische Vereinsbank Int., the Luxembourg affiliate of the Munich bank.

This standby facility is complementary to the $50m. loan raised by the same borrower in January of this year: maturity on that loan was five years, with an option for the borrower to extend it for a further three. The spread was 1 per cent. for the first five years rising to 1¼ per cent. for the following two and 1½ per cent. for the last 12 months. There was no commitment fee, as it was understood the borrower would draw the money within 30 days. In the loan just concluded, the commitment fee is ½ per cent.

The purpose of the first loan, which, as the one just concluded is not guaranteed by the State of France, was to help Elf for advances it had made to the Iraq National Oil Company. Iraq repaid the advances earlier than expected last summer.

Elf Aquitaine is 70 per cent State-owned and is considered by the banks to carry an implicit State guarantee. Co-lead managers are IndoSuez and Credit Lyonnais.

Terms for the recent Codelco $100m. 6½ year loan include a spread of 2 per cent. There is no guarantee and no waiver of sovereign immunity.

Another Latin American borrower, the Brazilian State nuclear authority Nuclebras, has signed bank loans amounting to DM220m., DM135m. of which are made up of export finance from West Germany, the rest of which are in the form of medium term loans. Lead manager of these loans is Dresdner Bank's Luxembourg subsidiary.

There are, in effect, three loans: one of $30m. and one of DM9m. for Nuclep, a subsidiary of Nuclebras, and a third of DM10.9m. for Nuclebras proper. All are for five years and carry a spread of 1¼ per cent. and the guarantee of the Republic of Brazil.

● Morgan Guaranty has withdrawn from the Tepasa Euroloan for which they were expected to be a co-manager.

EUROBONDS

DM sector dominates

BY MARY CAMPBELL

THE D-MARK sector continues to be the main focus for activity and the prices of issues moved up again in secondary market trading yesterday. The sharp turn-round in the situation since last Thursday's Bundesbank measures was highlighted particularly by the pricing of the Inter-American Development Bank offering: initially indicated at 99½, this was set at 100¼.

The latest new issue in this market is DM150m. for Finland via Dresdner Bank. This offers an indicated 6 per cent. on an eight year maturity.

In the U.S. dollar sector, the surprise of the day was the firm opening for the French Railways issue for which Orion was lead manager. Priced at par, after an increase in size from $40m. to $45m., this was quoted all day at between 99 and 99½. Dealers reported that allotments were very thin.

Typical of reactions was the following: "Whether the Orion Bank is playing a clever game or not I don't know. For an issue to be that well subscribed when its terms are not out of line with the market is very odd, indeed."

Shell picked up slightly to around 97 bid while the Sparbankernas issue was quoted at unchanged at about 98/8½.

The abolition of the 25 per cent. surrender role in Britain did not seem to have any effect on the market

BONDTRADE INDEX	Yesterday	Tuesday
Medium	101.34	101.35
Long	94.18	94.17
Convertible ...	107.24	107.27

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	98¼	99
AMEV 8pc 1987	95¾	96¼
Australia 8½pc 1992	96½	97
Australian M. & S. 9½pc '92	100½	101
Barclays Bank 8½pc 1992	97¾	98¼
Bowater 9½pc 1992	98½	99
Can. N. Railway 8½pc 1986	98½	99
Credit National 8½pc 1986	98	98½
Denmark 8½pc 1984	99⅜	100⅛
ECS 9pc 1993	99¼	100
ECS 8½pc 1997	98¼	99
EIB 8½pc 1992	99½	100
EMI 9½pc 1989	99½	100
Ericsson 8½pc 1989	98¾	99¼
Esso 8pc 1986 Nov.	100½	101¼
Gt. Lakes Paper 8½pc '84	98¾	99⅜
Hamersley 9½pc 1992	100⅜	101⅛
Hydro-Quebec 9pc 1992	97	97⅝
ICI 8½pc 1987	97¾	98¼
ISE Canada 9½pc 1986	101⅜	103¼
Macmillan Bloedel 9pc 1992	99	99⅜
Massey Ferguson 9½pc 1991	102½	103
Michelin 9½pc 1988	101½	102
Midland Int. Fin. 8½pc 1992	98¼	99
National Coal Bd. 8pc 1987	95	95¾
Natnl. Westminster 9pc 1986	102½	103
Newfoundland 9pc 1989	100	100⅛
Norges Kom. Bank 8½pc '92	97	97½
Norpipe 8½pc 1989	97¼	98
Norsk Hydro 8½pc 1992	97½	99
Oslo 9pc 1988	100	100⅜
Ports Autonomes 9pc 1991	99¼	100¼
Prov. Quebec 9pc 1993	96⅜	97¼
Prov. Saskatch. 8½pc 1986	99⅜	100⅛
Reed Intnl. 9pc 1987	96¼	97
RHM 9pc 1992	99⅜	97½
Selection Trust 8½pc 1989	93¼	94¼
Skand. Enskilda 9pc 1991	100	100⅜
SKF 8pc 1987	94½	95
Swedeo (K'dom) 8½pc 1987	96½	97
United Biscuits 9pc 1989	98¾	99¼
Volvo 8pc 1987 March	94⅜	95¼
NOTES		
Australia 7½pc 1984	96½	97
BeO Canada 7½pc 1987	96½	97¼
Br. Columbia Hyd. 7½pc '85	95½	96
Can. Pac. 8½pc 1984	99	99½
Dow Chemical 8pc 1986	100¼	101
ECS 7½pc 1982	97¾	98
ECS 8½pc 1989	97½	98
EEC 7½pc 1982	97½	98
EEC 7½pc 1984	96¼	97¼
Enso Gutzeit 8½pc 1984	97	97½
Gotaverken 7½pc 1982	97⅜	98½

	Bid	Offer
Kockums 8pc 1983	97⅜	98¼
Michelin 8½pc 1983	100	100½
Montreal Urban 8½pc 1981	98⅜	99¼
New Brunswick 8pc 1984	97¾	98¼
New Bruns. Prov. 8½pc 1983	102	102½
New Zealand 8½pc 1986	97⅜	98¼
Nordic Inv. Bank 7½pc 1984	96	96½
Norsk Hydro 7½pc 1982	97¾	98¼
Norway 7½pc 1982	97	97½
Ontario Hydro 8pc 1987	96⅜	97½
Singer 8½pc 1982	100	100½
S. of Scot. Elec. 8½pc 1981	99½	100⅜
Sweden (K'dom) 7½pc 1987	97	97½
Swedish State Co. 7½pc 1982	97½	98
Telmex 9½pc 1984	99	99½
Tenneco 7½pc 1987 May	94½	95
Volkswagen 7½pc 1987	95½	96¼
STERLING BONDS		
Courtaulds 8½pc 1989	95½	96½
ECS 9½pc 1989	100	100⅜
EIB 9½pc 1992	97½	98¼
Finance for Ind. 8½pc 1987	97	97⅜
Fisons 10½pc 1987	98	98⅜
Total Oil 9½pc 1984	97	97⅜
DM BONDS		
Austria 6½pc 1985	105⅜	106¼
BFCE 7pc 1987	103	103½
Denmark 8½pc 1983	104½	105
EIB 6½pc 1984	105	105½
Grand Met. 7pc 1984	100¼	101¼
Hydro-Quebec 6½pc 1987	100½	101
ICI 9½pc 1987	104½	105
Montreal 7pc 1987	101¼	102
Norsea Gas 7pc 1989	104½	105½
Norsk Hydro 9½pc 1989	105	105½
Norway 5½pc 1982	102⅜	103½
Shell 6½pc 1989	107¾	104½
Spain 9½pc 1984	100	100⅜
Swedeo 8½pc 1984	104⅜	105½
World Bank 6½pc 1987	102⅜	103¼
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	95⅜	99½
BFCE 1984 7pc	97½	97⅞
BNP 1983 6½pc	95¼	98½
CCF 1983 7pc	98½	99¼
CGMF 1984 6 15/16pc	97⅞	98¼
Creditanstalt 1984 7½pc	98¼	98½
Credit Lyonnais 1982 6½pc	93½	93½
DG Bank 1982 7 13/16pc	99½	100½
GZB 1981 7½pc	100½	100½
Intl. Westm'ster '84 7 15/16 pc	99	99½
Lloyds 1983 7½pc	99½	100¼
LTCB 1982 6½pc	98⅜	99¼

	Bid	Offer
Midland 1982 8pc	101½	101⅜
Midland 1987 7 11/16pc	98½	98½
OKB 1983 8½pc	99½	99⅜
SNCF 1985 6 13/16pc	97	97⅜
S'ndd. and Chrtrd. '84 6½pc	98½	99
Wms. and Glyns 1984 7pc	98⅜	99⅜

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	79	81
Ashland 5pc 1988	91	93
Babcock & Wilcox 6½pc '97	91½	92⅜
Beatrice Foods 4½pc 1992	93	95
Beatrice Foods 4½pc 1992	103½	105⅜
Beecham 9½pc 1992	99⅜	100½
Borden 5pc 1992	98½	100¼
Broadway Hale 4½pc 1987	76	78
Carnation 4pc 1987	77½	79¼
Chevron 5pc 1988	123½	125½
Dart 4½pc 1987	77	79
Eastman Kodak 4½pc 1988	83	85
Economic Labs. 4½pc 1987	78½	80½
Firestone 5pc 1988	81	83
Ford 5pc 1988	81	83
General Electric 4½pc 1987	81½	83¼
Gillette 4½pc 1987	75½	77¼
Gould 5pc 1987	111	113
Gulf and Western 5pc 1988	76	78
Harris 5pc 1992	143½	145½
Honeywell 6pc 1986	85	87
ICI 6½pc 1992	88	89
INA 6pc 1997	94	95
Inchcape 6½pc 1992	105½	106½
ITT 4½pc 1987	78	80
Jusco 9pc 1992	103¼	104¼
Komatsu 7½pc 1990	99⅜	100½
J. Ray McDermott 4½pc '87	161	163
Marsushita 6½pc 1990	116¼	117½
Mitsui 7½pc 1990	102⅜	103⅜
J. P. Morgan 4½pc 1987	93	95
Nabisco 5½pc 1988	88	100
Owens Illinois 4½pc 1987	124	126
J. C. Penney 4½pc 1987	76	78
Revlon 4½pc 1987	113	115
Reynolds Metals 5pc 1988	83	85
Sandvik 9½pc 1988	102½	103½
Sperry Rand 4½pc 1987	82½	84½
Squibb 4½pc 1987	77½	79¼
Texaco 4½pc 1988	76½	78½
Toshiba 6½pc 1992	89½	90½
Union Carbide 4½pc 1982	90	92
Warner Lambert 4½pc 1987	79⅜	81½
Warner Lambert 4½pc 1988	75	77
Xerox 5pc 1988	76	78

Source: Kidder, Peabody Securities.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	13.12.77	20.12.77	AVERAGE YIELD	13.12.77	20.12.7
DM Bonds	107.49	107.79	DM Bonds	6.570	6.5
HFL Bonds & Notes	101.23	101.11	HFL Bonds & Notes	8.202	6.22
U.S. $ Strt. Bonds	100.90	100.42	U.S. $ Strt. Bonds	8.554	8.60

Jeifinpito

JAPAN LINE

Banks lay down their conditions

BY CHARLES SMITH

TOKYO, Dec. 21.

JAPAN Line will be asked to liquidate its interests in property, hotels and ski resorts and consolidate its operations as far as possible on shipping alone as a condition of the moratorium on the repayment of some [illegible] worth of debts to the Japan Development Bank and a consortium of Japanese commercial banks.

The company—which ranks as Japan's third largest shipping line and its biggest tanker operator—is understood to be willing to accept this condition. Japan Line will also try to sell unnecessary vessels in its fleet to help tide it over its present financial troubles.

It is not known what steps the company will take to renegotiate long term charter contracts on its tanker fleet (the most important sector of its shipping operation). The banks clearly regard this as being a highly sensitive question, and they are —publicly at least—taking the line that decisions on the best way to handle the contracts are up to Japan Line itself.

According to Mr. Kaneo Nakamura, managing director of the Industrial Bank of Japan (leader of the syndicate of commercial banks lending to Japan Line) it will take up to three months to work out the precise terms of the moratorium. Japan Line will continue to make normal repayments during this period. The Japan Development Bank and the commercial banks (who are owed about Y8bn. and Y4bn. respectively in fiscal 1978) are expected to agree in principle to reschedule Japan Line's debts in 1979 and 1980 as well. But details will be left open until the end of the coming fiscal year.

The payments which Japan Line is currently seeking to reschedule are instalments on long term loans for ship purchases with maturities of up to 10 years. In addition, Japan Line faces about Y8bn. worth of repayments in 1978 on loans for operating funds. These may also have to be rescheduled, though the subject has yet to be formally raised.

It is stressed that loan repayments to foreign banks will be unaffected by the rescheduling and will be repayed punctually and in full. Japan Line is estimated to have about $150m. in foreign bank loans, of which around $10m. probably fall due next year.

The Industrial Bank of Japan says Japan Line and the other "big six" Japanese shipping companies can count on full support from banks whatever losses they may face during the current slumps in tanker and tramp operations. This promise of support does not necessarily apply to companies outside the charmed circle of the big six, who are not included (or chose to stay out of) the Government-sponsored plan for building up Japan's shipping industry which was launched in 1964.

The main outsider company is Sanko Steamship, whose tanker operations are almost as large, and probably as heavily in the red, as those of Japan Line. Sanko is believed to have large reserves accumulated from securities trading (a fact which has earned it the name "Sanko Securities Company" in some Japanese banking circles). The present Minister of International Trade and Industry, Mr. Toshio Komoto, is a former president of Sanko and probably also its largest private shareholder.

Six month sales upsurge at Hitachi

BY DOUGLAS RAMSEY

TOKYO, Dec. 21.

HITACHI GROUP reports a sharp increase to worldwide sales despite slow demand in Japan and what the company calls a "worsening export climate" due to the Yen's appreciation. The heavy machinery and electronics company which is made up of [illegible] subsidiaries, has lifted consolidated sales to Y1,190bn. for the six-month business term to September 30.

Net income for the period is estimated at Y36bn., a 3 per cent. [illegible] on the same period in 1976 when the Hitachi group had posted a 22 per cent. increase in [illegible] on the September 1975 [illegible]. Thus, Hitachi seems to have sustained the recovery begun in 1976.

In dollar terms, Hitachi's export sales at present exchange rates are worth about $945m. in the [illegible] which, if compared to the September 1976 results at the then-prevailing exchange rates, makes for a near 50 per cent. rise in exports for the period. (Hitachi is relatively unaffected by U.S. quota restrictions on colour TV sets because most of its 200,000 sets sold yearly in the U.S. are made in Taiwan.)

The lopsided sales success has thus pushed exports to over 19 per cent. of total sales, compared with 17 per cent. a year ago.

The only sector which proved uniformly bad in the April-September period was industrial machinery. Hitachi, which depended on its heavy machinery division for over 18 per cent. of sales in 1976, saw its sales in this sector decrease by 5 per cent. in the business term just ended to Y188bn. (from Y197bn. a year ago).

What Hitachi lost from the sluggish rate of capital investment in general industry, however, it regained in sales to private utilities, which, encouraged by the Government, accounted for the bulk of industrial investment in the first half of fiscal 1977. As a result, sales of electric utility apparatus and electrical equipment (including electrical equipment for the car industry) increased by 41 per cent. in the period, going from Y195bn. to Y274bn. and accounting for 23 per cent. of total sales (compared with 18 per cent. last year).

Rolling stock deliveries are only 1.3 per cent. of sales but grew by 30 per cent., while consumer product sales stayed roughly even at home but registered a 6 per cent. growth in the period because of high export shipments.

One of Hitachi's growth departments, computers, continued to post a strong performance in the period, although slightly less than the 18 per cent. growth recorded in fiscal 1976 when consolidated sales and revenue for Hitachi's electronic computers rose to Y165bn.

Hitachi now has a 15 per cent. share of the Japanese computer market (based on its M-series computers), behind IBM Japan and Fujitsu. The outlook, however, is for 20 per cent. a year growth in this sector, with a much greater portion of the total going overseas after Hitachi's recent agreement with Itel Corporation of the U.S., under which Hitachi will supply large-scale central processing units (CPU's) to Itel under an original equipment manufacturing agreement.

Hotel acquisition by Jack Chia-MPH

BY H. F. LEE

SINGAPORE, Dec. 21.

A MAJOR expansion of interest in the hotel and entertainment industry, Jack Chia-MPH has entered into an agreement with Sen Sen Hotel ...

Cementation forecast

By Richard Rolfe

JOHANNESBURG, Dec. 21.

CEMENTATION GROUP (Africa), which is controlled by Trafalgar House, says in its annual report for the year to September 30 ...

Indian jute stocks limited

TO CURB excess speculation in the raw jute market and to ensure more even distribution ...

UNIDAL CRISIS

Cutting the Christmas cake

BY PAUL BETTS IN ROME

PANETTONE—Italy's traditional Christmas cake— ...

THE PROPOSED liquidation of Unidal, Italy's State-controlled food and confectionery concern, is likely to be a significant milestone along the road to reorganisation of the whole of the State sector of industry.

The unions and the left wing, concerned over proposed redundancies, want the Government to take the opportunity to reshape the State food industry so as to stimulate revival in the south of the country on an agricultural, rather than an industrial basis. But the Unidal workers, feeling abandoned by the union leadership, have resorted to street demonstrations in Milan.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index rallies 7.7 on energy news

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 21.

HELPED BY encouraging news regarding oil prices and energy legislation, Wall Street staged a good rally to-day in active trading.

The Dow Jones Industrial Average recouped 7.71 at 813.93 and the NYSE All Common Index ended 30 cents better at $51.41, while rises outscored losses by 867-to-566. Turnover further increased to 34.51m. shares from yesterday's 23.25m.

Although analysts ascribed most of the improvement to technical factors following the weakening trend of the past four trading sessions, they said investors were clearly cheered by news from Caracas that OPEC Ministers were unable to agree on a compromise solution on the price of oil. As a result, they added, prices are likely to remain unchanged for the next six months.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pepsico	292,500	27	—
Zapata	220,500	17	+1
Howard Johnson	217,500	10	−1
General Motors	206,200	62¼	+1
Exxon	197,500	46	+1
Kennecott Copper	193,400	21	+1½
Marshall Field	179,000	29	+1
Dow Chemical	174,400	26	+¼
American Airlines	171,500	10	+¼
Nalco Chemical	163,300	26	−¼

Also, the report that a compromise has been worked out between House and Senate conferences on natural gas prices is welcome news to investors who have been in the dark about the final shape of energy legislation.

Superior Oil jumped $6¾ to $258, Mesa Petroleum $1¼ to $40¼, Getty Oil $4 to $168, and Schlumberger $1½ to $71½.

Du Pont were up $¾ at $117½.

THE AMERICAN S.E. Market Value Index picked up 0.50 to 124.94 in another fair business. Volume 2.93m. shares (2.96m.).

OTHER MARKETS

Canada firmer

A recovery movement also occurred on Canadian Stock Markets yesterday in fairly active trading, the Toronto Composite Index rising 6.6 to 1040.0. Oils and Gas advanced 16.2 to 1,6421.4, Metals and Minerals 15.3 to 880.6, Banks 2.15 to 236.36, and Utilities 0.40 to 165.88, but Golds declined 8.2 to 1,201.8.

PARIS—Market remained easier-inclined in business that was restricted by the continuing strike of Bourse personnel.

Brokers quoted shares on the Terme market by means of the special procedure under which Brokerage Houses set prices in the shares in which they are specialised.

Chiers, Sacilor, CEM and Nouvelles Galeries each lost around 7 per cent., but Elf-Aquitaine rose Frs.2.1 and Thomson Brandt Frs.2.0.

The Paris Stockbrokers' Association said it is extending from to-day the special procedure used to quote the Terme market stocks at times of emergency, such as a strike by Bourse personnel, so that it can cover Terme shares on the cash market and also the Government Bond market.

BRUSSELS—Local issues were mixed in more lively trading.

Cockerill moved ahead 36 to B.Frs.390 and Arbed 100 to B.Frs.1,920, but Banque Bruxelles Lambert retreated 30 to B.Frs.1,460.

AMSTERDAM—Shares continued to display an easier bias.

Dutch Internationals were mixed, with Hoogovens adding Fls.1.20 but Royal Dutch shedding Fls.0.20.

Pakhoed fell Fls.6.50 on news that its Paktank division is likely to make a considerable second-half loss. Van Ommeren receded Fls.1.50 more.

State Loans were steady. The Fls.350m. 8½ per cent. 15-year State Loan was quoted at 100 per cent., compared with the issue price of 100.3.

GERMANY—Stock prices staged a recovery, with selective purchasing by major institutional investors aiding the trend.

Leading Chemicals were up to DM2.50 higher, while Engineerings, Steels and Motors recorded gains to DM4.30. Deutsche Bank advanced DM3.00.

Domestic Bond movements ranged from DM0.20 gains to DM0.10 losses, with the regulating Authorities selling DM6.5m. nominal of stock (DM3.3m.). Foreign Mark Loans rose further on Overseas investor buying.

SWITZERLAND—Further widespread losses occurred, still undermined by the dollar's weakness.

Swissair fell 20 to Sw.Frs.795 on sustained selling, but Utilities hardened.

State and Cantonal bonds were firmer on good demand, with sentiment aided by the National Bank's liquidity measures. Foreign Bonds were irregular.

STOCKHOLM—Mainly lower, with Cellulosa down 7 at Kr.192 and Sandvik 6 cheaper at Kr.187.

MILAN—Bourse prices retreated further over a broad front in fairly active trading.

Snia Viscosa fell 25 to L380 and Bastogi 22 to L353.

Bonds were actively lower.

SPAIN—The recovery movement continued, with the General Index adding 0.65 at 65.50. Banco Vizcaya were 10 points higher at 230.

HONG KONG—Narrowly mixed with an easier bias in relatively quiet trading. The Hang Seng Index weakened 0.94 to a 1977 low of 411.03.

HongKong Bank shed 10 cents to $HK17.80 in generally steadier Blue Chips after Tuesday's setback. Jardine Matheson ended unchanged at $HK12.00, while the Loan stock firmed 30 cents to $HK35.

TOKYO—Share prices made a mixed showing in moderate trading. The Nikkei-Dow Jones Average lost 4.63 more to 4,896.56, but the Tokyo SE Index was 0.40 firmer at 364.88. Volume 270m. shares (340m.).

Reflecting the dollar's weakness against European currencies, export-orientated issues declined, with TDK Electronic losing Y40 to Y1,200 and Pioneer Electronic Y30 to Y1,230.

However, Pharmaceuticals, Private Railways, Electric Power shares, Papers, Printings and other large-asset issues gained ground.

JOHANNESBURG—Gold issues were modestly firmer following the U.K. Treasury's abolition of the investment dollar premium 25 per cent. surrender rule.

Dealers said the relaxation of this control will make London more competitive internationally as a share market, especially in the event of continued strength in the bullion price, but they do not expect any dramatic increase in U.K. investment into South African shares.

Against the trend, South Roodepoort declined 40 cents to R1.60 following termination of State assistance. Financial Minings were easier, where changed. Elsewhere, De Beers rose 10 cents to R5.85, with interest mainly on London account.

AUSTRALIA—Markets again presented an irregular appearance.

Among Industrials, BHP reacted 8 cents to $A5.36, but C. J. Coles, $A1.85, and Container, $A2.10, improved 5 cents apiece. CSR lost 8 cents to $A2.80 in Sugars, while Bank NSW were easier at $A5.38 ex the dividend.

In the Mining sector, Kathleen Investments rose 7 cents to $A1.60 and Renison Tin 14 cents to $A6, but Coal and Allied came back 10 cents to $A3.40 and Thiess shed 5 cents to $A1.70.

Woodside Petroleum gained 5 cents to 88 cents.

£ still firm

Trading was very thin in the foreign exchange market yesterday, continuing the gradual run-down of business before the Christmas and New Year holiday period.

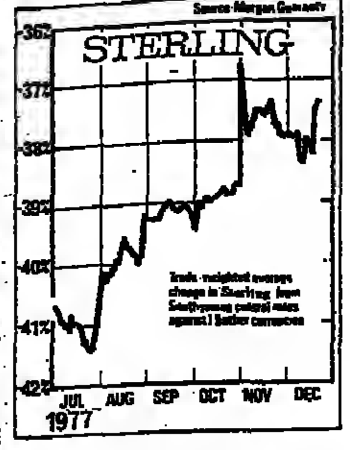
Sterling touched a high point of $1.8880-1.8890 against the dollar, but lost ground after the announcement of the relaxation of certain exchange controls, falling to $1.8800-1.8810. For most of the afternoon it remained around the $1.8850 level, before closing at $1.8840-1.8850, a rise of 40 points on the day.

The pound's trade-weighted index against a basket of currencies, based on the Washington Currency Agreement of December, 1971, fell to 64.4 from 64.5 on Bank of England figures, after standing at 64.5 at noon and 64.4 in early trading.

The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, was unchanged at 4.72 per cent.

European central banks probably intervened in a small way to push up the dollar when possible. The German D-mark touched a best level of DM2.1110 in terms of the dollar, and closed at DM2.1180, compared with DM2.1225, while the Swiss franc rose to Sw.Frs.2.0100, before finishing at Sw.Frs.2.0150, compared with Sw.Frs.2.0255 on Tuesday. Market quotations tended to be very wide, reflecting the general lack of trading.

Gold rose $¾ to $160-160¼ in quiet trading. The krugerrand's premium over its gold content eased to 3.66 per cent. from 3.83 per cent. for domestic delivery, and to 3.51 per cent. from 3.68 per cent. in the international market.



CURRENCY RATES

	Special Drawing Rights December 21	European Unit of Account December 21
Sterling	0.641855	0.643966
U.S. dollar	1.20851	1.21365
Canadian	1.39137	1.32554
Austria sch.	18.4373	18.4739
Belgian franc	40.2346	40.4094
Danish krone	7.08850	7.12119
Deutschemark	2.56793	9.67827
Dutch guilder	2.77618	9.78711
French franc	5.74816	5.77079
Italian lira	1056.95	106.089
Japanese yen	990.912	291.556
Norway krone	6.96884	6.27270
Spain peseta	98.1428	99.3506
Swedish krone	5.69154	3.71463
Swiss franc	9.45348	8.46041

EXCHANGE CROSS-RATES

Dec. 21	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1170-80	44.35-75	6.56-58	3.995-4.010	92.15-40	104.70-5.10
New York	47.05-10	—	21.03-08	3.0150-020	1.8160-8180	43.50-80	49.25-35
Paris	223.78-4.22	4.760-762	—	14.270-304	8.951-977	206.82-7.32	234.35-85
Brussels	16.66-72	33.30-35	6.98-7.02	—	62.77-95	14.50-56	16.44-52
London	3.98¼-98¾	1.8840-63	8.93¼-94¾	62.40-60	—	4.31-32	3.78¾-80¼
Amst'dam	108.115-165	2.2957-82	48.32-37	6.9016-86	4.3225-3275	—	113.345-385
Zurich	94.98-95.39	2.012-015	42.50-56	6.0750-935	3.1935-8059	87.87-88.26	—

U.S. $ in Toronto U.S. $=109.40-45 Canadian cents.
Canadian $ in New York=91.42-44 U.S. cents. U.S. $ in Milan 873.90-4.40
Sterling in Milan 1646.00-15.

EURO-CURRENCY INTEREST RATES*

Dec 21	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W.German mark
Short term	6-9½	5¼-6¼	6¼-6¾	5⅞-6⅛	par-½	9¾-2⅛
7 days notice	6½-6¾	5⅝-6⅝	6½-6¾	5⅞-6⅛	par-½	9⅝-2⅞
Month	6¾-7⅛	6½-6⅞	6⅜-6⅝	6⅜-6⅝	1⅞-9	2⅝-2⅛
Three months	6⅞-7⅜	6½-7	7-7¼	6⅜-6⅞	1⅝-1⅞	2⅝-2¾
Six months	7¼-7¾	7-7⅝	7⅜-7⅝	6⅞-7⅛	6⅛-2¼	2½-2½
One year	7½-8	7¼-7¾	7½-7¾	7⅛-7⅜	8⅝-2½	3-3⅛

Euro-French deposit rates: two-day 25⅛-8¾ per cent.; seven-day 9⅝-9¾ per cent.; one-month 12⅝-12⅞ per cent.; three-month 13¼-13¾ per cent.; six-month 13⅞-14⅛ per cent.; one year 13¼-13¾ per cent.

Long-term Eurodollar deposits: two years 7½-7¾ per cent.; three years 7½-8 per cent.; four years 8-8½ per cent.; five years 8-8½ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.85-6.95 per cent.; three-month 6.95-7.05 per cent.; six-month 7.25-7.35 per cent.; one-year 7.40-7.50 per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

Indices

NEW YORK—DOW JONES :

	Dec. 21	Dec. 20	Dec. 19	Dec. 16	Dec. 15	Dec. 14	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	813.93	806.22	807.95	815.02	817.01	822.68	999.75 (3/1)	800.85 (2/11)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	91.06	91.27	91.28	91.41	91.47	91.60	95.07 (7/6)	90.68 (1/3)	—	—
Transport	215.18	211.77	212.60	214.20	215.04	215.51	246.64 (18/5)	199.60 (26/10)	279.88 (7/2/69)	10.23 (8/7/32)
Utilities	110.25	110.46	110.08	111.28	111.28	111.02	118.67 (22/1)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	24,010	25,250	21,150	20,270	21,010	22,118	—	—	—	—

* Basis of index changed from August 24.

	Dec. 16	Dec. 8	Dec. 2	Year ago (approx.)
Ind. div. yield %	5.64	5.63	5.57	4.15

STANDARD AND POORS

	Dec. 21	Dec. 20	Dec. 19	Dec. 16	Dec. 15	Dec. 14	1977 High	1977 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	102.59	101.60	101.85	102.64	102.85	100.42	118.92 (3/1)	99.88 (2/11)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	91.05	92.50	92.63	93.40	91.60	94.03	107.00 (3/1)	90.71 (2/11)	125.85 (11/1/73)	4.40 (1/6/32)

	Dec. 14	Dec. 7	Nov. 30	Year ago (approx.)
Ind. div. yield %	4.89	4.96	4.84	3.70
Ind. P/E Ratio	9.06	9.92	9.56	11.32
Long Govt. Bond yield	7.88	7.86	7.77	5.55

N.Y.S.E. ALL COMMON

Dec. 21	Dec. 20	Dec. 19	Dec. 16	1977 High	1977 Low
51.41	51.11	51.24	51.01	57.07 (4/1)	41.70 (2/11)

Rises and Falls

	Dec. 21	Dec. 20	Dec. 19
Issues traded	1,887	1,882	1,922
Rises	867	448	381
Falls	566	958	1,071
Unchanged	454	499	469
New Highs	—	12	22
New Lows	—	71	49

MONTREAL / TORONTO / JOHANNESBURG / Australia / Belgium / Denmark / France / Germany / Holland / Hong Kong / Italy / Japan / Singapore / Spain / Sweden / Switzerland

[illegible]

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1000, the last named based on 1975) ... [illegible]

Investment premium based on $2.60 per £—93% (90½%).

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ▷ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

NEW YORK

Stock	Dec. 21	Dec. 20
Corning Glass	52¾	51⅛
CPC Int'n'tional	45⅜	45⅝
Johns Manville	32⅝	[illegible]
Johnson Johnson	73½	[illegible]
[illegible]	[illegible]	[illegible]

CANADA

[illegible]

GERMANY ◆

Dec. 21	Prices Dm.	+ or —	Div. %	Yld. %
AEG	86.5	+0.8	—	—
Allianz Versich	473.5	+2.5	18	1.9
BMW	296	+2	20	4.4
BASF	157	+1.7	17	6.2
Bayer	135.9	+9.5	16	6.0
Bayer. Hypo	299.8		20	6.3
Bayer. Vereinsbk	309	+4	20	3.2
Ciba Geigy Ned.wrts	123	−3	—	—
Commerzbank	218.7	+0.4	18	4.2
Conti Gummi	66	+1.5	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ¶

Dec. 21	*Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	351		14	9.0
Canon	406	−1	11	1.4
Casio	485	+25	25	2.8
Chinon	340	+9	20	2.9
Dai Nippon Print	313	+8	18	2.7
Fuji Photo	476	−19	15	1.9
Hitachi	169	+1	12	3.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo.

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ▷

[illegible]

MILAN

[illegible]

AUSTRALIA

Dec. 21	Aust. $	+ or —
ACMIL (25 cent)	10.78	+0.05
Acrow Australia	†0.63	+0.01
Allied Mnig.-Trdg. Indus $1	†2.25	
Ampol Exploration	†1.13	+0.05
Ampol Petroleum	†0.78	+0.01
Assoc. Minerals	‡0.90	−0.02
[illegible]	[illegible]	[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

SPAIN ♥

[illegible]

FARMING AND RAW MATERIALS

Bid to curb U.S. metal imports

By Our Commodities Editor

U.S. copper and zinc producers are believed to be pressing for protection against cheap imports. It was reported from Washington yesterday that U.S. domestic zinc producers had petitioned the International Trade Commission for temporary import relief in the form of a tariff rate quota on excessive imports of slab zinc.

They are believed to be seeking a ceiling on imports of 0,000 short tonnes. Above that level they would like an extra import duty of 7 cents a pound. Although this is unlikely to be conceded it is thought some kind of restriction on imports will be imposed.

Producers said that increased quantities of zinc imported in recent years had forced o cut domestic production as a result of depressed prices and financial losses.

It is understood U.S. copper producers are contemplating a similar move.

At the same time another bid to restrict imports is being backed by demands for an environmental equalisation tax. U.S. producers claim that the strict environmental regulations imposed by the U.S. Government have raised their production costs compared with overseas producers who are not subject to the same restrictions.

On the London Metal Exchange yesterday sterling continued to have a depressing effect on the markets.

Tin values fell for the eighth trading day in succession, with standard grade cash tin losing £? to £6,580 a tonne.

The expected producing and consuming members of International Tin Council's economic and price review panel failed to agree on whether the buffer stock ranges of the agreement should be raised.

This means there could be a bitter confrontation at the Tin Council's next full meeting, which starts on January 16, with producing countries will be pushing for substantial increase in the price ranges.

Big rise in world sugar stocks likely next year

BY RICHARD MOONEY

WORLD SUGAR stocks could soar to more than 32m. tonnes at the end of the 1977-78 season—the highest level ever. Sugar statistician F. O. Licht puts final 1976-77 stocks at 26.03m. tonnes in his latest report, published yesterday.

Figures released by Licht last week suggest more than 6m. tonnes will be added to this during the current season.

The statistician put 1977-78 sugar production at 92.6m. tonnes against consumption of 85m.-86m. tonnes. According to the figures published yesterday, production in 1976-77 was 88.58m. tonnes against consumption of 82.86m.

Further "bearish" pressure on the market was provided yesterday by the announcement in Brussels of this season's highest EEC exports sales authorisation. The Commission authorised the export of 73,750 tonnes of white sugar and 950 tonnes of raw at the weekly export tender.

Last week 69,170 tonnes of whites were authorised for export. At yesterday's tender, however, the maximum export rebate for white sugar was cut to 21.956 units of account per 100 kilos (21.989 us last week) and for raw to 18.40 us (18.43).

The London daily price for raw sugar was fixed at £106 a tonne yesterday morning, unchanged from Tuesday, but on the futures market May delivery sugar declined £1.225 to £126.825 a tonne.

Apart from the Licht report and the EEC export tender the market was depressed by the continued fall in New York, where sentiment was affected by rumours that the substantial import fees expected to be introduced in the New Year might be brought forward.

Singapore is seeking to revise its long-term sugar contract with Australia, according to an article in the "New Nation" newspaper, reports Reuter.

"Apart from a price cut it is understood Singapore is also seeking to improve the terms of contract, notably the cost escalation clause," the report said.

"This clause is pegged to the cost of living index in Queensland which is constantly pushing up delivery rates despite the decline in the world market."

The long-term contract covers the export of a minimum of 487,000 tonnes of sugar over six years from 1975 to 1980 at $S689 a tonne. The world price has fallen drastically since the agreement.

In Brisbane, meanwhile, progress towards a long term commercial sugar agreement with China was reported after talks in Peking between representatives of CSR, Australia's sugar marketing agents, and the Chinese sugar purchasing authorities.

Mr. Lloyd Harris, the Sugar Board chairman, said both sides agreed further talks should be held at a mutually convenient time.

Australian sugar exports to China have been reported at 260,000 tonnes this year, compared with 217,000 in 1976.

Mr. Harris said the Board and its agents will continue to the maximum extent practicable the policy of developing the highly-important Chinese market, notwithstanding the export quota limitations under the International Sugar Agreement.

● Sugarbeet output in the Ukraine, the USSR's major beet producing area, will fall to 55.1m. tonnes this year from a record 61.8m. tonnes last year, the Hamburg-based weekly publication "Oil World" estimates.

The projection is based on an estimated area of 1.77m. hectares planted to sugarbeet in the Ukraine this year and a lower beet yield of 31.1 tonnes a hectare compared with 34.5m. tonnes last year.

Spot cocoa deposit increased

By Our Commodities Staff

INVESTORS ON the London cocoa terminal market will have to pay deposits equivalent to more than 50 per cent. of their open contracts in the near December position (long or short) from to-day after an International Commodity Clearing House decision to demand a minimum deposit of £10,000 per 10 tonne lot. At last night's close a lot was valued at £19,860.

The normal deposit is £450 a lot, but in order to "facilitate an orderly liquidation" of the spot month this had already been raised to £2,000 on December 14 and to £4,000 last Monday.

Mr. M. Stockdale, ICCH joint managing director, said the December position presented special problems with regard to liquidation (closing out open positions) owing to the intervening Christmas holiday.

Market sources said a single speculator was holding a large long position and that liquidation of this might prove difficult. They saw the ICCH's action as a "routine precautionary measure."

The decline in cocoa values continued yesterday taking the March position to a new 1977 low of £1,836 a tonne. Dealers said manufacturer offtake had virtually stopped.

Wheat crop estimate raised

BY OUR COMMODITIES STAFF

THE INTERNATIONAL Wheat Council raised its estimate of world wheat production in 1977 in its latest market report, out yesterday.

It now forecasts that production will be 388.6m. tonnes. This is 0.6m. tonnes above its estimate last month, but well below the 1976 record figure of 417.7m. tonnes.

The council's estimate of world coarse grain production remains the same at 685m. tonnes, just below the 1976 record of 690m. tonnes.

World trade in wheat in 1977-1978 is forecast at 69-71m. tonnes, against 61.3m. tonnes previously. Carryover stocks are expected to fall to 51.6m. tonnes from 54.3m. tonnes at the end of the 1976-77 season.

The main change in the council's wheat production forecast since last month is for Canada. Now the crop is estimated at 19.7m. tonnes compared with the earlier forecast of 18.4m. tonnes and the 1976 crop of 23.6m. tonnes. Declines are forecast for Argentina and Brazil.

Output forecasts for most of the other main producing areas are much the same. The current estimate of the Soviet Union crop is unchanged at 90m. tonnes, against 96.9m. tonnes last year.

U.S. production is put at 55.1m. tonnes compared with 58.3m. in 1976. The EEC wheat harvest is predicted at 38.6m. tonnes compared with 39.2m. last year.

On production prospects for 1978, the report says the condition of the wheat crop is generally good in the U.S. In most West European countries winter sowing was virtually completed by early December.

Weather favoured the growth of the crop in European USSR, where 36.9m. hectares are reported sown to winter grains. The target for USSR grain production in 1978 has been set at 220m. tonnes, the Wheat Council added.

Reuter reported from Rio de Janeiro that Brazil will have to import about 4m. tonnes of wheat in 1978, against just more than 3m. in 1977, because of its poor harvest this year.

Sr. Henri Guitton, the director of the national Supply Corporation Wheat Board, said the extensive damage to the crop in Rio Grande do Sul, traditionally Brazil's main wheat state, means the national harvest will not exceed 1.9m. tonnes. This compared with expectations at planting time of 3.5m., and last year's harvest of 3m. tonnes.

Final estimates are not yet ready but he expects Brazil's 1978 wheat consumption to be about 5.8m. tonnes.

U.S. COFFEE ROASTINGS UP

NEW YORK, Dec. 21.

Gordon Paton reports that U.S. green coffee roasting rates are steadily approaching year ago levels after declining sharply last summer.

In the week ended December 10, Paton showed, green coffee roastings (including that used for soluble production) totalled about 310,000 bags, or 96.9 per cent. of the 320,000 bags roasted in the same week in 1976.

No turkey bargains this year

Financial Times Reporter

LAST-MINUTE bargain turkeys are unlikely to be available at Smithfield this Christmas.

Wholesalers at the market said yesterday that after a brisk, steady trade in fresh turkeys they are scarce in practically all weights, and the trade is virtually finished.

As a result wholesale prices have gone up — but shop prices for fresh birds are not expected to go beyond the present top of 75p a pound.

"Speculators who have waited for the market to collapse will find themselves with disappointed customers this year," one trader said.

The more stable market this year is partly due to the growth in frozen, oven-ready turkey production and in the number of home freezers. This has meant that many people bought their birds well before the Christmas rush.

Some farmers have stopped producing fresh birds after last year's price collapse and the extra costs of complying with Common Market regulations.

Production is down about eight per cent, or 200,000 birds.

ilkin pledge n sheep meat elcomed

NATIONAL Farmers' ... yesterday welcomed the ...ment by Mr. John Silkin, ...ter of Agriculture, that he protested to the French and ... governments over an ... bilateral arrangement ... sheepmeat trade between ... countries.

SOYABEANS

Brazil's fastest growing crop

BY JOHN EDWARDS, RECENTLY IN PARANA

THE FASTEST growing crop in Brazil is soyabeans, not coffee. In the past ten years there has been a phenomenal growth in output from about 1.5m. tonnes to the 1976-77 crop of 12.2m. tonnes, making Brazil the world's second biggest producer after the United States, and a major exporter providing a welcome alternative source of supplies when U.S. soyabeans are often scarce.

Plantings this year have been good, with favourable weather and another record crop of 13.3m. tonnes in 1977-78 being forecast.

It seems only a matter of time, although possibly quite a long time yet, before Brazil outstrips the U.S., which this year had record crop of more than 45m. tonnes.

The land available in Brazil for soyabean growing is potentially far more than in the U.S. and the climate is more favourable generally.

Already Brazilian yields a hectare are only slightly below the average achieved by U.S. farmers with far greater experience in growing soyabeans.

Although soyabeans were introduced to Brazil about 40 years ago, it is only in the past ten years that they have really caught on, spreading from the state of Rio Grande do Sul — still the main producer — to other parts of the country.

Parana is now the second biggest soyabean producing state, and growing is gradually moving northwards with the possibility of large plantings in the future. In Brazil's biggest state, Mato Grosso, which is about the size of Europe, it is estimated that soyabeans could be grown on 6m. hectares of land, compared with the present total figure of just under 7m. hectares.

In Parana much of the increase in soyabean production has come from coffee growers, particularly the small farmers who have been hit by frost. Although soyabeans are not as profitable as coffee can be, there is far less risk.

Coffee trees are a long-term investment, lasting 20 years or more, with the constant threat of changes in climate and market prices. Soyabeans on the other hand are an annual crop requiring much less investment and attention, with the prospect of being in constant demand in view of the world's fundamental shortage of protein supplies.

There are other advantages from the Brazilian point of view. The Government is anxious to encourage wheat production since at present it has to pay large sums of valuable foreign currency for wheat imports. Soyabeans can be double cropped with wheat, being planted in October to December and harvested in March to May—when U.S. supplies are often scarce.

Industry

This means the farmer has the benefit of two crops, and soyabeans put nitrogen back into the soil. They are also used as a rotational crop with other products, such a rice, or can be grown between the rows of coffee trees.

An additional benefit from the Government's point of view is that soyabeans provide an ancillary industry in processing the beans into oil and meal. This provides employment opportunities and exports of semi-processed products instead of just the raw material.

About 30 per cent. of crop is exported in bean form, and the remainder crushed domestically. Most of the oil produced is sold in the domestic market, where demand is growing steadily, but the bulk of the meal is exported.

The Brazilians claim that there is no intention to run down exports of soyabeans in favour of the meal and oil, since it is recognised that to do so would virtually lose them the big European market, with its large domestic crushing industry.

They feel they will continue to make inroads into the Japanese and European markets, providing an alternative to the U.S. and making virtually a 12-month source of supply as a result of the different growing seasons.

Exporting of Brazilian soyabeans is regulated by Cacex, part of the Banco do Brazil—but it is a fairly loose kind of regulation. Cacex decides before harvesting the likely level of domestic demand, the size of the crop and what will be left for export. It bases the export authorisations accordingly.

This year it has advanced registrations for export at the request of the exporters who are anxious to sell forward as much as possible of what is likely to be a bumper crop.

Much of the exporting is done by the co-operatives, which represent a big group of farmers and often groups of co-operatives as well. This means they are much stronger, and more sophisticated sellers than the individual farmer, who is often hard pressed for funds.

Some farmers in Brazil still fight shy of soyabeans as being too unprofitable, and unpredictable in price, since the U.S. as the major producer and exporter still regulates the world market price in Chicago.

But there is little doubt that Brazilian production is likely to continue expanding rapidly in the years ahead, possibly at the expense of other crops like coffee and cotton.

Australia plays down bluetongue threat

BY KENNETH RANDALL

CANBERRA, Dec. 21.

THE LATEST official report on investigations into the discovery of a new bluetongue strain in Northern Australia remains inconclusive.

Bluetongue is carried in cattle where it is generally no problem.

Mr. Ian Sinclair, the Minister for Primary Industry, said when releasing the report that in the experiments—sheep had shown fever and mild illness. The work would continue and would include comparison with simulated natural insect transmission.

It says there is no evidence of bluetongue disease anywhere in Australia, but transmission experiments in Australia and the international reference centre in South Africa are showing that the new virus has some effect on sheep under laboratory conditions.

The New Australian strain was discovered in cattle and buffalo near Darwin. A survey of 6,000 blood tests shows that it is restricted to the far north, except for cattle which have been moved out of those areas to more southerly locations.

Mr. Sinclair said the Australian Agricultural Council continued to believe that a national eradication programme was not justifiable on present knowledge.

But cattle or buffalo moved from the far northern areas in the past 10 years would be traced as far as possible, blood-tested and slaughtered in cases of positive reaction.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

Comex, before it picked up to end at £697 on the late kerb. Turnover 13,125 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £683, 82.5, 82, three months £700, £699.5, 99, 00.5, 98, 97.5, 97. Cathodes, cash £670.5, three months £686. Kerb: Wirebars, cash £681, three months £695.5, 96, 96.5. Cathodes, cash £670. Afternoon: Three months £698, 96.5, 97. Kerb: Wire... [illegible]

months £6,610, £6,600, 05, 10, 20, 20, 03, £6,600, £6,590, 85, 80, 85, 90, 85. Kerb: Standard, three months £6,585, 80, 70, 65, 60, 55, 50, 45, 40, 50. Afternoon: Standard, three months £6,550, 45, 30, 40, 35, 40, 35. High Grade, three months £6,560. Kerb: Standard, three months £6,583, 45. High Grade, three months £6,363.

[illegible]

INVESTING IN COMMODITIES

A one-day seminar on Thursday, 2nd February, at the London International Press Centre.

Write or telephone for a brochure:
CHART ANALYSIS LIMITED,
194-200, Bishopsgate, London, E.C.2.
01-283 4476.

COMPANY NOTICES

ANGLO AMERICAN CORPORATION GROUP
ORANGE FREE STATE GOLD MINING COMPANIES

[illegible]

ENTERTAINMENTS

[illegible]

SILVER

[illegible]

COFFEE

[illegible]

COCOA

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

JUTE

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

COTTON

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

Malaysian commodity market plan

KUALA LUMPUR, Dec. 21.

Malaysia's proposed multi-commodity exchange is expected to begin operations with palm oil by the end of 1978 or the beginning of 1979, Lew Sip Hon, Deputy Minister of Primary Industries, told the Asian Wall Street Journal, reports AP-Dow Jones.

Mr. John Coleman of the International Executive Service Corps, who has long experience with commodities trading in Chicago, is due to arrive soon to begin planning establishment of the exchange, which eventually will trade in rubber, tin, and perhaps timber and pepper, as well as palm oil.

The Kuala Lumpur Exchange will be similar in set-up to the cotton and sugar exchanges begun in Hong Kong over the past year, Lew said.

U.S. Markets

Soyabean prices hold steady

NEW YORK, Dec. 21.

SOYABEAN meal sold steady on light ... [illegible]

STOCK EXCHANGE REPORT

Overseas issues up on exchange control regulations

Share index 0.4 up at 480.0 after 477.1—Golds steadier

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 28	Dec. 8	Dec. 9	Dec. 20
Dec. 12	Dec. 29	Dec. 30	Jan. 11
Jan. 3	Jan. 12	Jan. 13	Jan. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The prospect of a drab day for stock markets was transformed yesterday following the noon announcement of the abolishment of the Treasury's 25 per cent. surrender rule on sales of investment currency from January 1 next.

This major concession by the U.K. in meeting its EEC obligations to ease restrictions on capital movements within the Community made little impact on markets generally, but sentiment improved and prices steadied after a dull morning session. The FT 30-share index ended with a small net rise of 0.4 after having been 2.5 down at 11 a.m.

There was some early confusion as to the likely effect on prices of overseas-based securities which include the investment dollar premium, but such issues turned better on thoughts about their improved marketability in the absence of the surrender penalty.

South African Golds turned better after earlier dullness and the Gold Mines index, down 10 points over the previous three trading days, put on 3.1 to 132.9. Foreign-based Banks were also firm, as were Investment Trusts, the latter in reflection of their large overseas holdings.

The equity leaders lacked interest and incentive following a turndown in British Funds at yesterday's opening. The latter hardened but failed to make up the lost ground with the result that the Government Securities index eased 0.08 to 77.60 after five successive gains.

Trade remained at a low level, official markings amounting to 4,186, but rises in FT-quoted Industrials outnumbered falls by 5-to-3 and the FT-Actuaries three main indices made further modest headway.

Gilts marginally lower

After being marked lower at the outset, British Funds spent the rest of the day recovering and closed with only minimal losses, usually to ⅛. The dullness at the longer end was an extension of Tuesday's late trend and the opening falls, which extended to ¼, reflected more an attempt to deter further fund-raising for to-day's subscription to the new tap than any other factor; the £300m. issue of Treasury 10½ per cent. 1999 will, of course, be heavily over-subscribed. Circumstances were similar among the shorts where early losses of ⅛ were finally reduced to half that amount. Occasional gains in the region of ⅛ appeared against Corporations and in the recently-issued Fixed Interest section. Shell International Finance 8½ per cent. Notes 1990 began life quietly at $97½.

Abolition of the 25 per cent. surrender rule engendered considerable inquiry for investment currency. Immediate reaction to the decision was one of nervousness, but the market eventually settled and various types of demand in rather thin conditions pushed rates up to 94½ per cent. before a close of 93¾ per cent., a rise of 2¾ points on the day. Yesterday's SE conversion factor was 0.7140 (0.7236).

Discounts easier

The modest reaction in gilt-edged was enough to bring about a similar movement in Discount Houses. Union shed 10 to 465p as did Seccombe Marshall and Campion to 240p, while Allen Harvey and Ross and Cater Ryder lost 5 apiece to 315p and 300p respectively. Jessel Toynbee gave up 3 to 84p. Home Banks closed with minor losses after a thin trade. Lloyds and NatWest cheapened 2 to the common level of 280p. Lloyds and Scottish lost the turn to 107p following comment on the results.

Insurances plotted an irregular course. The volume of business left much to be desired but London United Investments managed a penny advance to 144p and Royals firmed 3 to 405p. Sun Alliance, however, declined that much to 571p.

Distillers were looking uncertain late at 170p, down 3, following the EEC ruling that it must abandon its U.K. dual pricing policy and the company's subsequent quick announcement of moves to increase U.K. prices. Other Distillery shares encountered profit-taking after the recent spate of bid speculation, but late demand on hopes that they could benefit if Distillers was allowed to selectively raise prices left final quotations with occasional gains on balance. A. Bell touched 218p before ending with a net rise of 6 at 226p, while Highland finished a penny dearer at 130p, after 128p. Leading Breweries were inclined harder in quiet trading.

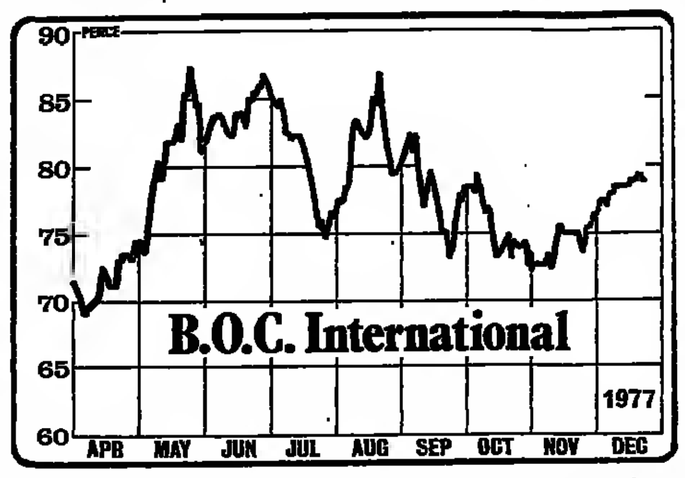
Awaiting the outcome of the bid talks, George Dew met with fresh speculative interest and rose 7 to 156p. Similar buying on takeover hopes helped Newarthill put on a like amount to 167p. Taylor Woodrow, 406p, and International Timber, 116p, improved 6 and 5 respectively, while still benefiting from the good interim figures. A. Monk gained 4 to 83p. Rises of around 4 were recorded in John Carr (Doncaster), 75p, Jennings, 114p, and McNeill Group, 38p. Royco, a firm market of late, cheapened 2½ to 32½p on profit-taking.

ICI moved narrowly in thin trading and eventually closed at the overnight level of 358p. Elsewhere in Chemicals, Coates Brothers put on 3 to 74p and the A (non-voting) 4 to 73p, while Blagden Noakes moved up 4 to 236p and Yorkshire hardened 2 to 88p.

Caledonian Associated Cinemas were marked up 70 to 240p in a restricted market following Press comment. Elsewhere, ATV A gained 5 to 104p and Grampian A 2 to 33p.

Burton firm again

Leading Stores continued higher with Burton issues again firmer, the Ordinary closing a penny dearer at 113p and the A 3 higher at 109p, for two-day advances of 13 and 11 respectively; demand was influenced again by either recovery or bid hopes. Marks and Spencer put on 2 to 160p as did Gussies A to 316p. Elsewhere, Forminster added 3 at 114p but Currys shed 9 to 213p and Freemans (London) eased 4 to 290p.



Encouraging Press comment ahead of the interim results, expected shortly, brought a fresh rise of 8 to 380p in Thorn Electrical. Muirhead attracted speculative demand and rose 9 to 202p, after 205p, while United Scientific were 6 up at 234p. H. Wigfall advanced 5 to 146p in belated response to Tuesday's news that United Dominions Trust had disposed of its 25 per cent. stake in the company. Elsewhere, gains of a penny or so were seen in Whitworth, 15p, Westinghouse, 45½p, and Dreamland, 43p.

Engineerings were featured by a marked setback in Spear and Jackson, 34 lower at 118p, on the downward revision of the profits forecast. Other dull spots included Edbro, down 8 at 130p, following the fall in half-yearly profits and Cooper Industries, a penny cheaper at 14p for a similar reason. By way of contrast, Newman Granger advanced 9 to 35p in response to news of the bid approach. Wolseley Hughes firmed 5 to 175p and Davy International 4 to 237p, while renewed interest was also shown in Tace, which hardened 1½ to 21½p. Among the leaders, Tubes closed 2 dearer at 358p, after 352p, and GKN ended unaltered at 272p, after 268p.

Scattered improvements in the Food sector included R. Paterson, up 3½ at 35p, in response to the sharply bigger half-year profits. Interest revived in Geo. Basset, which firmed 4 to 148p, while gains of 2 were recorded in Nurdin and Peacock, 108p, and J. Sainsbury, 195p. Cadbury Schweppes put on 1½ to 56½p. Hotels and Caterers were featured by a rise of 10 to a fresh peak for the year of 230p in Wheeler's Restaurants. Trust Houses Forte put on 3 to 194p and De Vere hardened 2 more to 132p.

Wilk'son Match rise

The miscellaneous industrial leaders were featured by Wilkinson Match, which rose 11 to a 1977 peak of 213p on news of the planned closer-tie with the American concern, Allegheny Ludlum Industries. Small gains generally ruled among the other leaders, with Beecham a new peak for the year of 678p, up 3. BOC International, however, were a fraction easier at 79p after interim results which were much in line with market expectations. White Child and Beney met with buying on bid hopes and rose 9 to 84p; Arthur Guinness gained control earlier in the year with a bid that was firmly rejected by WCB's Board of 65p cash a share, or ¼ a Guinness share, and yesterday the latter closed 2 up at 188p. Press coment was responsible for a gain of 9 to 127p in P. Black, while a statement on turnover helped Stanley Gibbons, 3 better at 165p. The existence of a large bull position in Sotheby negated the good preliminary results and left the shares 2 easier at 206p.

Reflecting the Bank of England's decision to abolish the 25 per cent. surrender rule appertaining to the investment dollar premium, Smith Bros., the only London jobber in South African Gold mining shares, closed 4 higher at 58p, after a 1977 peak of 60p. Philips' Lamp put on 20 to 565p, while gains of between 14 and 17 were seen in Bank of NS Wales, 447p, Commercial Bank of Australia, 216p, and Hongkong and Shanghai Bank, 292p. National Bank of Australasia improved 9 to 214p, while similar advances were made by OK Bazaars, 320p, and Jardine Matheson, 155p. Swire Pacific rose 6 to 97p, while Royal Dutch improved ⅛ to £42¼.

Movements were none too frequent in the Motor sectors. Press comment prompted a reaction after the recent speculative advance in York Trailer, 3 down at 71p, while ERF, also a current bid favourite gave up a similar amount at 131p. Lucas eased to 270p before picking up to close a few pence dearer on balance at 274p.

North Sea-oil favourite, Thomson, came to life among Newspapers and rose 25 to 672p. Elsewhere, Benn Bros. hardened 2 to 59p and Independent added 5 at 115p. Jefferson Smurfit, in Paper/Printings, gained 3 to 190p in reply to news of the major investment programme planned for 1978. Mills and Allen International were wanted at 93p, up 5, and DRG closed 2 better at 121p.

Scottish Met up

Properties encountered a small amount of profit-taking after Tuesday's advance which, combined with a little selective demand, left the sector with a narrowly mixed appearance. Scottish Metropolitan were wanted at 110p, up 6, while Stock Conversion improved 5 to 250p and Great Portland 4 to 308p. Hammerson "A" however, gave up 5 at 590p. Estates and Agency held at 40p after the interim results, as did MEPC, at 123p, following the annual report.

There was a small increase in the volume of trade in Oils, but prices made no marked movements. British Petroleum rallied 6 to 856p, while Shell hardened 2 to 534p. Tricentrol improved 2 to 178p on satisfaction with the nine-monthly profits and accompanying statement. Ranger Oil were easier again in Canadians, losing ⅛ to £18⅛ for a two-day fall of ¾.

Investment Trusts with U.S. content closed firmer helped by the ebolition of the surrender rule on investment currency. Jersey External Prf. added 5 at 125p and Argo Investment hardened 4 to 118p, while gains of 8 were seen in Colonial Securities Deferred, 243p, Derby Trust, 300p, and Estate Duties, 260p. Among Financials, Britannia Arrow attracted buyers and firmed 2½ to 20½p. Stockjobbers Akroyd and Smithers put on 7 at 70p on the lower annual profits, and S. and W. Berisford, which encountered demand ahead of the preliminary results, due shortly, and rose 7 to 220p.

Plantations were notable only for an improvement of 2 to 67p in Harrisons Malaysian Estates and a gain of 5 to 130p in Lunuva.

Golds raised

News of the abolition of the 25 per cent. surrender rule from January 1 and prospects of an increase in London turnover brought an abrupt halt to three successive days' losses in South African Golds, and prompted good gains in other premium-bearing mining issues.

Golds were marked up sharply immediately following the news, after opening slightly easier, and although they eased back a shade in the late trade, the Gold Mines index registered an improvement of 3.1 at 132.9.

Among heavyweights Randfontein attracted strong support and closed £1½ firmer at £31, while rises of around a half-point were common to both West Driefontein and Western Holdings at £18¾ and £23¼ respectively.

Lower-priced issues were featured by Blyvoor, 18 up at 318p, Welkom, 13 better at 196p. and Grootvlei 8 firmer at 122p. On the other hand, continuing disappointment with the further dividend omission caused Durban Deep to drop 15 more to 252p.

The bullion price was finally 75 cents up at $160.375 per ounce.

South African-based Financials were marked up in sympathy with Golds. "Amcoal," 475p, and Anglo-Vaal, 670p, were both 20 higher, while De Beers were outstanding with a rise of 11 at 316p. In the trust, with attention diverted to the South African producers, Gold Fields suffered from persistent selling which left the shares 8 lower at 158p, after 156p. Charter closed 4 off at 127p, after 124p for the same reason.

The lifting of the surrender rule provided a fillip for Australians. Uraniums were particularly sought with Pancontinental finally 25 firmer at 950p and Peko-Wallsend 10 up at 450p. MIM Holdings rose 4 to 148p and Western Mining 5 to 105p.

Elsewhere, ZCI improved 2½ to 15p and Murchison 35 to 300p.

FINANCIAL TIMES STOCK INDICES

—	Dec. 21	Dec. 20	Dec. 19	Dec. 16	Dec. 15	Dec. 14
Government Secs.	77.60	77.68	77.52	76.82	76.59	76.31
Fixed Interest	80.17	80.03	79.78	79.36	79.00	78.75
Industrial Ordinary	480.0	479.6	469.8	471.9	478.1	474.0
Gold Mines	132.9	129.8	137.0	139.0	139.8	139.6
Ord. Div. Yield	5.56	5.57	5.66	5.65	5.65	5.64
Earnings Y'ld%(full)(*)	16.87	16.90	17.19	17.14	17.09	17.05
P/E Ratio (net) (*†)	8.42	8.40	8.26	8.28	8.31	8.33
Dealings marked	4,186	4,001	3,407	3,369	3,572	4,131
Equity turnover £m.	—	67.47	46.25	49.60	57.12	69.10
Equity bargains total	—	10,876	9,313	8,438	9,712	11,107

10 a.m. 478.3. 11 a.m. 477.1. Noon 477.7. 1 p.m. 479.0. 2 p.m. 479.3. 3 p.m. 479.4.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=5.36.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942. ‡ Corrected.

HIGHS AND LOWS

—	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	80.30 (1/10)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

	Dec. 21
—Daily	
Gilt-Edged	139.6
Industries	142.4
Speculative	27.0
Totals	96.3
5-day Av'rage	
Gilt-Edged	135.7
Industrials	127.3
Speculative	93.9
Totals	84.4

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov. 22	Dec. 5	Feb. 23	Mar. 7
Dec. 6	Dec. 19	Mar. 9	Mar. 21
Dec. 20	Jan. 10	Mar. 30	Apr. 11

For rate indications see end of Share Information Service.

Call options were traded in Burmah Oil, Plessey, Lonrho, ICL, Consolidated Gold Fields, Silvermines, Trust Houses Forte Warrants, Premier Consoli[dated], Reed International, Town City, Tricentrol, Mining Su[pplies], Associated Leisure, ICI, NatWest, Trafalgar [House], Britannia Arrow, Midland, G. W. Sparrow, Geo. W[impey], Charterhall, Duple and Throgmorton Capital. N[o puts] were reported, but double o[ptions] were arranged in Burma[h], Plessey, Associated L[eisure], British Land and Premie[r Con]solidated.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (128)

CORPORATION LOANS (2)
LOANS (1)
AMERICANS (1)
BANKS (1)
BEERS (2)
BUILDINGS (5)
CHEMICALS (2)
DRAPERY & STORES (6)
ELECTRICALS (4)
ENGINEERING (1)
FOODS (1)
HOTELS (1)
INDUSTRIALS (28)
INSURANCE (1)
NEWSPAPERS (2)
PAPER & PRINTING (2)
PROPERTY (13)
SHOES (6)
TEXTILES (1)
TRUSTS (43)
OILS (1)
OVEREAS TRADERS (1)
RUBBERS (1)
TEAS (1)
MINES (1)

NEW LOWS (9)

BRITISH FUNDS (2)
Treas. Variable '81 Treas. Variabl[e]
AMERICANS (4)
C.P.C. GATX
Chrysler I.U. Internatio[nal]
CHEMICALS (1)
Norsk Hydro
HOTELS (1)
Sorel (J.)
TEXTILES (1)
Snia Viscosa

RISES AND FAL[LS] YESTERDAY

	Up	Down
British Funds	2	6
Corpns., Dom. and Foreign Bonds	12	1
Industrials	434	176
Financial and Prop.	258	45
Oils	9	6
Plantation	2	4
Mines	63	2[illegible]
Recent Issues	13	6
Totals	793	385

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	395	353	BEGO (R0.50)	390	+10	F25c	—	4.3	—
104	F.P.	20/1	117	109	Farmer (S.W.)	117	+2	b7.59	2.3	9.8	6.7
§53	F.P.	6/1	63	57	Holden (A)	63	+1	b3.3	3.6	7.9	5.3
32	25p	27/1	28½	28	I.M.I. 25p pd.	27½	−½	g5.28	2.7	9.2	5.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	100½	99½	Agric. Mort. Variable 1982	99⅞	......
£98½	£50	3/2	53	49½	Bath 11% 1985	53	......
£100	F.P.	—	100	99½	Buckingham Variable '82	100	......
£100	£50	25/1	52	47¼	Cardiff 11% 1986	51	......
£100	F.P.	27/1	90	90	Central & Sheerwood 10% Cns. Ln. 1981	90	......
£99	£60	3/3	60	57½	Grampian Reg. 10½% 1985	59¾	−¼
£100	F.P.	—	98	98½	Hounslow Variable 1982	98½	......
$100	F.P.	—	$98¼	$97¼	Inco 8¾% Notes 1984	$97¾	......
$100	F.P.	—	$98¼	$97½	Do. 9% Deb. 1992	$98	+¼
£100	£10	24/3	14⅝	11¼	Kensington & Chelsea 11½% 85-87	14¼	......
£100	F.P.	—	100½	99⅞	Do. Do. Variable '82	100½	......
£100	—	—	100	98½	Leeds Variable 1982	100	......
£100	F.P.	—	100	100⅛	Leicester Variable 1982	100	......
††£99	£10	3/3	12½	11½	Mid Kent Water 7% 1982	12½	......
$99½	F.P.	—	$98¾	$98½	Norsk Hydro 7½% Notes 1982	$98¼	......
£98½	£50	3/2	53	49½	St. Helens 11½% Red. 1985	53	......
—	P.P.	—	$97½	$97½	Shell Intl. Fin. N/V. 8½% Guar. Notes 1990	$97½	......
£98½	F.P.	6/1	105¼	98	Southwark 11½% 1984-85	106¼	......
—	P.P.	27/1	100p	99p	Stag Furniture 10% Cum. Pref	100p	......
£100	F.P.	—	100⅜	99¾	Strathclyde Variable 1982	100	......
—	F.P.	6/1	107p	105½p	York Trailer 10% Pref.	106p	......

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date *	Latest Renunc. Date †	1977 High	1977 Low	Stock	Closing Price p	+ or −
983	F.P.	2/11	14/12	249	226	Adwest	240	......
114	P.P.	—	—	149	125	Allied Irish Banks	146	......
90	F.P.	18/11	13/12	114	98	ATV A	98	......
85	P.P.	2/12	13/1	114	100	Barratt Development	110	−1
29	P.P.	15/12	27/1	35	32½	Bridport Gundry	33½	......
30	nil	—	—	22pm	15pm	Cableform	20pm	+1½
32	nil	—	—	11pm	6pm	Christy Bros.	11pm	+2
130	F.P.	3/12	5/1	147	132	Commercial Union	147	+1
155	F.P.	25/11	3/1	181	155½	Cons. Gold Fields	161	−11
200	F.P.	29/11	13/12	257	225	Coral Leisure	253	......
520	F.P.	29/11	13/1	670	520	De La Rue	630	+2
Dm200	nil	—	—	Dm250	Dm200	Deutsche Bank	Dm210	......
50	F.P.	2/12	6/1	67	57	East Midland Allied Press A	57	+1
190	nil	—	—	15pm	10pm	Elbar Industrial	15pm	+5
50	nil	29/12	27/1	7½pm	4pm	Johnson Firth Brown	6pm	+1½
62	nil	—	—	11pm	9pm	Kenning Motor	9½pm	−½
210	F.P.	26/11	6/1	240	210	Kwik Save Discount	234	−1
47	F.P.	18/11	30/12	71	60	Newman Inds.	66	......
17½	nil	23/12	13/1	12pm	4pm	Pawson W. L.	12pm	+2½
70	F.P.	16/12	27/1	90	84	Record Ridgway	85	......
148	F.P.	3/11	2/12	161	146	Utd. Biscuit	160	......
155	F.P.	12/12	18/1	282	237	Utd. Scientific	282	+2
30	nil	5/1	27/1	8pm	6pm	Williams (J. Cardiff)	8pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
Beecham	25p	10	678	+ 3	678	372
BP	£1	10	856	+ 6	966	776
Cons. Gold Fields	25p	9	163	− 8	224	137
Charter Cons.	25p	8	127	− 4	155	106
Distillers	50p	8	170	− 3	193	120
Lonrho	25p	8	70	− 7	86	62
BATs Defd.	25p	7	233	—	260	202
Barclays Bank	£1	7	330	− 2	345	328
Berisford (S & W)	25p	7	220	+ 7	220	134
Midland Bank	£1	7	380	− 2	382	245
Tarmac	50p	7	135	+ 1	220	127
Tube Invs.	£1	7	358	+ 2	430	310
Commercial Union	25p	6	145	− 1	170	102
Courtaulds	25p	6	116	+ 1	135	89
Marks & Spencer	25p	6	160	+ 2	173	96

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actu[aries] and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)

		Wed., Dec. 21, 1977 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Tues. Dec. 20 Index No.	Mon. Dec. 19 Index No.	Fri. Dec. 16 Index No.	Thurs. Dec. 15 Index No.
1	CAPITAL GOODS (173)	205.34	+0.1	17.26	5.70	8.20	205.10	201.19	201.50	200.76
2	Building Materials (28)	188.58	+0.7	16.27	5.83	8.80	187.22	184.24	184.00	183.55
3	Contracting, Construction (26)	329.96	+0.3	17.57	3.83	8.28	328.97	321.80	321.94	319.22
4	Electricals (15)	448.95	−0.2	14.88	3.92	9.67	450.03	437.76	441.47	437.32
5	Engineering (Heavy) (9)	291.77	+0.6	20.03	6.23	6.70	289.96	284.62	285.38	284.48
6	Engineering (General) (67)	158.83	—	18.92	7.03	7.45	158.76	156.33	156.10	156.02
7	Machine and Other Tools (8)	107.53	−1.8	22.21	6.12	6.56	109.46	109.21	110.04	110.20
8	Miscellaneous (20)	159.09	—	18.36	7.79	7.25	159.04	156.86	156.44	156.55
11	CONSUMER GOODS (DURABLE) (52)	191.17	+0.6	17.52	4.77	8.32	190.06	184.94	185.29	184.58
12	Lt. Electronics, Radio TV (15)	230.09	+1.0	15.31	3.57	9.43	227.85	220.58	220.86	219.97
13	Household Goods (12)	179.76	−0.2	17.34	6.53	7.88	180.15	178.32	178.42	179.30
14	Motors and Distributors (25)	115.57	+0.1	21.22	6.31	7.04	115.41	112.74	112.93	112.45
21	CONSUMER GOODS (NON-DURABLE) (173)	201.33	+0.4	15.21	5.51	9.52	200.56	196.85	196.48	197.74
22	Breweries (14)	227.21	+0.1	14.09	5.68	10.67	226.99	222.24	223.07	231.09
23	Wines and Spirit (6)	240.90	−1.1	16.77	5.73	9.04	243.59	236.90	236.42	236.69
24	Entertainment, Catering (17)	252.69	+0.8	14.25	6.81	10.71	250.58	245.33	243.25	245.07
25	Food Manufacturing (22)	199.89	+0.1	19.97	5.32	7.20	199.71	197.93	198.72	198.00
26	Food Retailing (16)	210.41	+1.6	12.88	4.27	11.30	207.05	204.01	204.85	203.69
32	Newspapers, Publishing (14)	343.04	+2.0	9.69	3.58	15.52	336.25	330.89	329.15	328.38
33	Packaging and Paper (13)	128.01	+0.8	20.73	7.36	7.02	126.97	123.65	123.66	123.46
34	Stores (37)	193.75	+0.4	9.99	4.09	15.77	193.05	189.17	188.43	189.26
35	Textiles (25)	171.17	+0.6	20.30	7.73	6.24	170.08	167.83	167.77	167.78
36	Tobaccos (3)	222.49	—	21.71	8.09	6.14	222.39	216.88	214.40	217.09
37	Toys and Games (6)	100.77	+1.0	20.48	5.90	6.53	99.76	98.18	98.54	97.73
41	OTHER GROUPS (96)	193.11	+0.2	16.23	5.80	8.45	192.65	190.05	190.34	190.13
42	Chemicals (27)	262.19	+0.2	15.48	5.34	8.93	261.77	258.91	259.58	259.46
44	Office Equipment (6)	123.91	+0.1	18.37	4.63	7.26	123.77	122.68	123.69	123.37
45	Shipping (10)	463.34	+0.3	21.25	6.32	5.57	461.95	450.69	448.95	450.51
46	Miscellaneous (55)	202.71	+0.4	16.08	6.65	8.91	201.95	198.71	198.75	198.07
49	INDUSTRIAL GROUP (498)	206.41	+0.3	16.13	5.58	8.80	205.80	202.12	202.13	202.41
51	Oils (4)	479.74	+0.6	14.51	4.88	8.38	477.10	473.84	474.42	478.37
59	500 SHARE INDEX	229.10	+0.3	15.88	5.35	8.73	228.33	224.63	224.68	225.23
61	FINANCIAL GROUP (100)	170.04	—	—	5.15	—	169.96	166.66	165.15	164.70
62	Banks (6)	193.71	−0.7	25.44	5.26	6.00	194.99	189.23	186.16	185.82
63	Discount Houses (10)	221.40	−1.3	—	7.46	—	224.20	215.72	209.48	206.23
64	Hire Purchase (5)	167.22	−0.7	11.14	4.67	13.29	168.31	164.93	163.96	161.51
65	Insurance (Life) (10)	139.24	+0.6	—	5.95	—	138.36	137.66	135.93	135.58
66	Insurance (Composite) (7)	135.24	+0.1	—	5.95	—	135.09	132.84	131.55	131.78
67	Insurance Brokers (10)	335.74	+0.4	12.66	4.06	11.58	334.41	331.71	332.52	331.17
68	Merchant Banks (14)	81.93	+0.3	—	5.71	—	81.67	81.14	80.83	80.62
69	Property (31)	238.22	+0.4	2.85	2.87	66.64	237.27	231.07	230.80	228.64
70	Miscellaneous (7)	106.82	+1.8	22.38	7.38	6.23	105.72	104.67	104.36	104.58
71	Investment Trusts (50)	206.19	+1.1	3.81	4.42	33.28	203.92	203.12	203.32	203.32
81	Mining Finance (4)	86.95	−2.1	17.93	6.74	6.49	88.78	88.38	88.55	88.60
91	Overseas Traders (19)	279.00	−0.5	16.44	6.83	7.96	280.39	277.35	277.48	276.90
99	ALL-SHARE INDEX (673)	212.44	+0.3	—	5.32	—	211.09	208.52	208.25	208.53

FIXED INTEREST PRICE INDICES

	British Government	Wed. Dec. 21	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	109.24	−0.01	—	8.86
2	5-15 years	124.31	−0.06	—	10.34
3	Over 15 years	132.56	−0.12	—	13.60
4	Irredeemables	147.43	—	—	13.54
5	All stocks	121.19	−0.06	—	11.01

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Wed. Dec. 21	Tues. Dec. 20
1	Low Coupons	5 years	7.14	7.12
2		15 years	9.23	9.22
3		25 years	9.88	9.87
4	Medium Coupons	5 years	9.46	9.44
5		15 years	10.34	10.33
6		25 years	10.50	10.48
7	High Coupons	5 years	10.04	10.02
8		15 years	11.23	11.21
9		25 years	11.28	11.27
10	Irredeemables		11.29	11.27

		Wed., Dec. 21 Index No.	Wed., Dec. 21 Yield %	Tuesday Dec. 20	Monday Dec. 19	Friday Dec. 16	Thurs. Dec. 15	Wed. Dec. 14	Tuesday Dec. 13	Monday Dec. 12
15	20-yr. Red. Deb. & Loans (15)	62.11	†11.93	62.04	61.79	61.77	61.77	61.92	61.92	61.38
16	Investment Trust Prefs. (15)	56.18	12.56	56.18	56.18	56.18	56.60	55.44	55.49	55.54
17	Coml. and Indl. Prefs. (20)	76.78	11.88	76.76	76.73	76.73	76.72	77.27	77.30	77.39

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 12p, by post 22p.

AUTHORISED UNIT TRUSTS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
Index Guide as at 6th December, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	135.19
Clive Fixed Interest Income	128.03

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4 %

† Address shown under Insurance and Property Bond Table.

CORAL INDEX: Close 478-483

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel	§ 7 %
Allied Irish Banks Ltd.	7½%	C. Hoare & Co.	† 7 %
American Express Bk.	7 %	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7 %
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	7½%	Keyser Ullmann	7 %
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7 %
Bank of Cyprus	7½%	London & European	8½%
Bank of N.S.W.	7½%	London. Mercantile	7 %
Banque Belge Ltd.	7½%	Midland Bank	6½%
Banque du Rhone	8 %	■ Samuel Montagu	6½%
Barclays Bank	7½%	■ Morgan Grenfell	7 %
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7 %
Brit. Bank of Mid East	7 %	P. S. Refson & Co.	7 %
Brown Shipley	7 %	Rossminster Accept'cs	7½%
Canada Permanent AFI	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7½%
Cayzer Ltd.	7½%	E. S. Schwab	9 %
Cedar Holdings	7 %	Security Trust Co. Ltd.	8½%
Charterhouse Japhet	7 %	Shenley Trust	9½%
C. E. Coates	8½%	Standard Chartered	7½%
Consolidated Credits	7½%	Trade Dev. Bank	7½%
Co-operative Bank	• 7 %	Trustee Savings Bank	7 %
Corinthian Securities	7½%	Twentieth Century Bk.	8½%
Credit Lyonnais	7 %	United Bank of Kuwait	7 %
Duncan Lawrie	¶ 7½%	Whiteaway Laidlaw	7½%
Eagil Trust	7½%	Williams & Glyn's	7½%
English Transcont.	8 %	Yorkshire Bank	7½%
First London Secs.	7½%		
First Nat. Fin. Corpn.	8 %		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	7 %		
Goode Durrant Trust	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank	‡ 7½%		
Guinness Mahon	7 %		
Hambros Bank	7 %		

■ Members of the Accepting Houses Committee.
• 7-day deposits 4%, 1-month deposits 4½.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 4½%.
¶ Rate also applies to Sterling Ind. Secs.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 31, 1976, in the principal equity sections of the FT Actuaries Share Index. It also contains the Gold Mines Index.

Furniture	+100.88	Discount Houses	+ 45.23
Building and Construction	+ 99.98	Insurance (Life)	+ 44.30
Machine Tools	+ 95.38	Entertainment and Catering	+ 44.16
Electronics, Radio and TV	+ 77.43	Merchant Banks	+ 43.13
Engineering (Heavy)	+ 75.40	Textiles	+ 41.01
[illegible]	+ 74.62	Packaging and Paper	+ 40.86
[illegible]	+ 71.13	500 Share Index	+ 39.73
Building Materials	+ 70.84	All-Share Index	+ 38.44
Office Equipment	+ 69.76	Insurance Brokers	+ 37.13
Motors	+ 69.06	Other Groups	+ 34.63
Newspapers and Publishing	+ 67.40	Food Manufacturing	+ 34.43
Consumer Goods (Durable) Group	+ 64.34	Toys and Games	+ 33.72
Food Retailing	+ 63.73	Banks	+ 33.72
Capital Goods Group	+ 55.39	Overseas Traders	+ 31.91
[illegible] and Stores	+ 55.08	Investment Trusts	+ 30.17
[illegible]	+ 52.65	Engineering (General)	+ 29.38
Motors and Distributors	+ 50.29	Chemicals	+ 23.26
Household Goods	+ 50.24	Shipping	+ 16.94
Insurance (Composite)	+ 49.31	Oils	+ 10.25
Consumer Goods (Non-Dur.) Group	+ 47.98	Tobaccos	+ 5.76
[illegible] Group	+ 46.86	Gold Mines F.T.	+ 3.35
[illegible] Group	+ 46.62	Mining Finance	+ 5.16

† Percentage changes based on Tuesday, December 20, 1977 indices.

NOTES

[illegible]

[redacted]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅞	95⅝	Treasury 9pc 1978‡‡	100⅝	−⅛	8 95	6 65
104¼	97¼	Treasury 10½pc '78‡‡	102⅛xd		10 21	5.42
100⅝	90	Exch. 5pc '76-78‡‡	99⅜		5.03	5 82
107	95⅛	Treasury 11½pc '79‡‡	104½	−⅛	10 93	7 36
97¾	84⅛	Treasury 3pc '79‡‡	96¼		3 12	5 28
98¼	85½	Electric 4¼pc '74-79	97		4 38	6 05
106⅛	92	Treasury 10½pc '79‡‡	103⅛		10 12	6 35
97⅝	84⅞	Electric 3½pc '76-79	96	−⅛	3.65	5 75
107	97¾	Treasury 9pc 1980‡‡	102½	+⅛	8.78	7 74
105¾	89⅜	Treasury 9½pc '80‡‡	102½		9 27	9 33
96	82⅞	Treasury 3½pc '77-80	94⅝		3 70	5.56
98¼	83⅛	Funding 5¼pc '78-80‡‡	96	−⅛	5 47	7 04
112⅛	96⅛	Exchequer 13pc 1980‡‡	109⅜		11 99	9 26
108⅛	92⅛	Treasury 11½pc 1981‡‡	105⅝xd	−⅛	10 88	9 32
94¼	77⅞	Treasury 3¼pc 1979-81	89⅛	−⅛	3.69	7 11
104	86⅛	Treasury 9¾pc 1981‡‡	101⅛	−⅛	9 64	9 55
96⅛	96¼	Exch. 8¼pc 1981●	96⅞	−⅛	8 52	9 32
103½	97½	Exch 9¾pc 1981	99⅞	−⅛	9.51	9 51
92⅛	87¼	Exch. 3pc 1981	87¾		3 42	6 84
98¼	96⅛	Treas Variable '81‡‡	96⅛	−⅛	7 16	7.19
117⅛	96¼	Exch 12¼pc 1981‡‡	110⅛	−⅛	11.55	9 51
100⅝	82⅞	Treas. 8¼pc '80-82‡‡	92⅞xd		8 60	8 84
93⅛	71⅝	Treasury 3pc '82‡‡	86	−⅛	3 49	6 93
119⅛	101⅝	Treasury 14pc '82‡‡	114⅛	−⅛	12.18	9 61
98½	96¼	Treas Variable '82‡‡	96¼	−⅛	7 16	7 31
98⅝	93⅝	Treasury 8¼pc '82	95¾xd	−⅛	8 42	9 41
102⅛	93⅛	Exch. 9¼pc 1982	99½		9.30	9 37
		Five to Fifteen Years				
87⅝	81¼	Exch 3pc '83	84½	−⅛	3.59	6 84
113⅛	95½	Treasury 12pc 1983‡‡	112½	−⅛	10.98	9 68
101⅛	96½	Treasury 9½pc '83	97¾xd	−⅛	9 40	9 64
95½	72⅝	Funding 5½pc '82-84‡‡	89xd		6 16	7 72
104¼	77⅜	Treasury 8¼pc '84-86‡‡	95½xd		8 84	9 16
87⅞	60¾	Funding 6½pc '85-87‡‡	85½		7 59	8 73
94	68½	Treasury 7¾pc '85-88‡‡	88½xd		8.69	9 43
74⅛	49⅛	Transport 3pc '78-88	67½xd		4 44	7 51
76¼	53⅞	Treasury 5pc '86-89	74¼		6 82	8.65
121¼	90	Treasury 13pc 1990‡‡	113¼xd	+⅛	11 59	10.82
94¾	67½	Treasury 8¼pc '87-90‡‡	88½		9 57	9 94
112	98¼	Treasury 11¾pc 1991	104¾xd	−⅛	11.18	11 01
76½	53¾	Funding 5¾pc '87-91‡‡	74¼		7.67	9 52
118	86¾	Treasury 12¾pc '92‡‡	110¾xd	−⅛	11.47	11 16
95½	89⅜	Treasury 10pc 1992	94⅜	−⅛	10.71	10 92
112½	69½	Exch. 12¼pc '92	111	−⅛	11.45	11 25
		Over Fifteen Years				
116¼	84½	Treasury 12½pc '93‡‡	108⅝xd	−⅛	11 43	11 22
73⅛	51⅝	Funding 6pc 1993‡‡	71½		8.59	9.79
126⅛	96	Treasury 13¾pc 1993‡‡	118⅛	−⅛	11 74	11 79
129¼	99	Treasury 14½pc '94‡‡	126¾	−⅛	11.86	11 44
113¾	94⅝	Exch 12½pc 1994	112¼	−⅛	11.50	11 32
96	66¼	Treasury 9pc '94‡‡	89½	−⅛	10.27	10.58
110¼	97⅛	Treasury 12pc '95	104¼xd	−⅛	11 54	11 21
51	32⅝	Gas 3pc '90-95	51		5.93	8.49
120⅛	67	Treasury 12¾pc '95‡‡	112	−⅛	11.52	11 32
92½	66¾	Treasury 9pc '92-96‡‡	89⅛	−⅛	10.38	10 67
133¼	101⅛	Treasury 15½pc '98‡‡	129½	−⅛	11.97	11.60
124	89¾	Exchequer 13¼pc '96‡‡	115½	−⅛	11.61	11.40
49¾	31¼	Redemption 3pc 1986-96	49¼		6.18	8 55
122½	67½	Treasury 13¼pc '97‡‡	113½xd	−⅛	11 59	11 40

[Remaining British Funds rows, and the Undated, **INTERNATIONAL BANK, **CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, LOANS (Public Board and Ind.; Financial), FOREIGN BONDS & RAILS and AMERICANS tables: illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 40⅛% (based on $US1.8850 per £)

Conversion factor 0.7140 (0.7236)

CANADIANS

[illegible]

S.E. List Premium 40⅛% (based on $2.0622 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
17½	6¾	Mt. Charlotte 10p	15	+½	—	—	—
192	80	Myddleton 50p	182	......	F6.6	4.5	5.5
27	9	Norfolk Cap 5p	25	......	†0.2	2.1	1.2
52	25	North (M. F.) 10p	44	......	g0.9	2.4	3.1
25½	22½	Pontin's 10p	32½	+½	1.68	1.6	7.8
75	40	Prince of Wales	75	......	2.31	2.5	4.7
26	6½	Queen's Moat 5p	25	−½	†d0.12	3.7	0.8
156	68	Rowton Hotels	155	....	†5.7	1.9	5.6
71	23	Savoy "A" 10p	70	...	1.02	2.4	2.2
26	18	Stakis (Reo) 10p	26		g1.03	3.5	6.0
12	5½	Swan Ryan Int. 5p	9	....	‡1.25	†1.0	‡
198	112	Trust H. Forte	194	+3	†7.46	1.6	5.8
27	12	Warner Hols 'A' 10p	23xd	....	1.18	2.6	7.7
230	100	Wheeler's 10p	230xd	+10	†4.41	4.2	2.9

INDUSTRIALS (Miscel.)

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
118	76	A.A.H.	114	+2	h5.5	2.4	7.4
83	32	AGB Research	83	+1	±2.08	2.8	4
73	41	Aaronson Bros. 10p	59	+2	†1.79	4.6	4.6
34	18	Abbey Ltd.	33	+1	†Q1.0	—	3.0
25½	11	Abrasives Int. 10p	25½	.....	†0.57	—	3.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
195	70	Falcon Rh 50c	150	+2	Q50c	ϕ	31.8
20	9	Rhod'n Corp 16¢p.	18	......	0.57	4.3	4.8
165	55	Roan Cons K4	60	+5	—	—	—
164	115	Tanganyika 50p	137	−1	Q11.0	1.1	8.0
80	70	Do. Pref. 60p	78xd	.....	Q9%	16.4	9.2
42	27	Wankie Col. Rh 1	52	.....	Q7½c	1.4	20.0
27½	12½	Zam Cpr SBD0 24	15	+2½	—	—	—

AUSTRALIAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
20	10	Acmex 25c	13	..	—	—	—
127	57	Bougainville 50 7oes	73	+5	Q10c	1.5	3.7
128	75	BH South 50c	78	+2	—	—	—
325	119	Conzinc Riotinto 50c	190	+4	Q9c	2.3	2.9
65	18	G M Kalgoorlie 51	54	.....	—	—	—
112	77	Hamptn Areas 5p	82	.....	1.45	4.1	2.7
35	10	Metals Ex 50c	16	+1	—	—	—
242	136	M.I.M. Hldgs 50c	148	+4	Q9c	1.7	3.8
105	10	Mount Lyell 25c	10	..	—	—	—
2¾	1	Newmetal 10c	2	..	—	—	—
120	83	North B. Hill 50c	92	+4	Q8c	1.5	5.4
12	4½	Nth Kalgurli	10	+½	—	—	—
143	87	Oakbridge SA1	132	+2	Q11c	1.9	5.2
55	20	Pacific Copper	36	−2	—	—	—
£13	575	Pancont'l 25c	950	+25	—	—	—
19	8	Paringa M&Ex 5p	14	—	—	—	—
555	345	Peko-Wallsend 50c	450	+10	Q15c	ϕ	2.1
—	—	Poseidon 50c	75#	.....	—	—	—
12	6	Vultan Min 50c	12	.....	—	—	—
164	99	Westn Mining 50c	105	+5	Q6c	1.4	3.5
75	40	Whim Creek 20c	50	.....	—	—	—

TINS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
39	18	Amal. Nigeria	30	.....	2.51	1.6	12.7
395	265	Ayer Hitam SM1	270	.....	Q40.7c	0.9	38.3
57	25	Beralt Tin	47	.....	3.75	2.3	12.1
260	155	Berjuntai SM1	255	−5	Q60c	ϕ	—
570	260	Geevor	520	−5	18.15	3.4	5.3
13	8	Gold & Base 12½p	10	...	—	—	—
325	190	Gopeng Cons	285	...	13.2	1.9	7.8
135	72	Hongkong	135	...	—	—	—
100	60	Idris 10p	95	.	9.14	1.0	14.6
10½	7	Jantar 12½p	10	...	—	ϕ	—
85	30	Kamunting SM0.50	76	...	Q015.5c	1.2	5.1
490	260	Killinghall	450xd	...	Q125	ϕ	11.1
410	217	Malay Dredging SM1	350xd	−15	Q95.5c	ϕ	6.8
—	—	Alpahang	27#	...	†Q2.5	0.5	9.5
70	50	Pengkalen 10p	63	[illegible]	5.59	1.3	13.4

[illegible]

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	102	Messina R0.50	107xd	+3	Q50c	ϕ	18.8

MISCELLANEOUS

[illegible]

NOTES

[illegible]

x Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
♦ Regional price.
§ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 20.

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. [illegible]

[illegible]			[illegible]		
Dyson (R.A.)	35	......	Conv. 9% '80/82	£97⅝	+⅛
Ellis & McHdy	65	......	Alliance Gas	72	+2
Evans Fr'k 10p	28	......	Arnott	185xd	......
Evered	15½	......	Carroll (P.J.)	90	......
Fife Forge	47	......	Clondalkin	70	......
Finlay Pkg. 5p	18½	......	Concrete Prods.	106	......
Graig Ship. £1	245	−5	Helton (Hldgs.)	45	......
Higsons Brew.	133	....	Ins. Corp	150	......
I.O.M. Stm. £1	147	......	Irish Ropes	130	......
Holt (Jos.) 25p	230	+5	Jacob	43	......
N'thn. Goldsmith	59	+1	Sunbeam	22½	......
Pearce (C.H.)	111	..	T.M.G.	160	−5
Peel Mills	17	....	Unidare	65	......
Sheffield Brick	45	....			

OPTIONS
3-month Call Rates

Industrials		I.C.I.	25	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	11	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	38	Legal & Gen.	14	**Property**	
Boots Drug	13	Lex Service	6	Brit. Land	3½
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lofs"	5	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	5
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	9	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks. & Spncr	13	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	Nat. West. Bank	22	**Oils**	
Eagle Star	11	Do. Warrants	10		
E.M.I.	12	P & O Dfd.	12	Brit. Petroleum	45
Gen. Accident	17	Plessey	9	Burmah Oil	7
Gen. Electric	16	R H M	5	Shell	28
Glaxo	40	Rank Org. 'A'	10	Ultramar	22
Grand Met.	9	Reed Intl.	18		
G.U.S. 'A'	18	Reyrolle	20	**Mines**	
Guardian	18	Spillers	4	Charter Cons.	12
G.K.N.	22	Tesco	4	Charterhall Fin.	3½
Hawker Sidd.	60	Thorn 'A'	22	Cons. Gold	20
House of Fraser	12	Trust Houses	23	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday December 22 1977

General Council of TUC split over pay policy and firemen

BY CHRISTIAN TYLER, LABOUR EDITOR

A SERIOUS split in the trade union leadership was exposed yesterday when the TUC general council discussed the Government's pay policy and the firemen's strike.

With about 500 firemen chanting outside Congress House in London, the general council came very close to adopting a new strategy and launching a campaign against the Government's 10 per cent. guidelines.

Dissension

Despite TUC statements that it has not agreed any pay limit, the impression has been gaining ground—not least during the firemen's dispute—that the TUC is tacitly accepting the limit.

After a long debate, the general council voted 20-17 to endorse the unanimous decision of its finance and general purposes committee not to start a general campaign in support of the firemen. Even leaders of the biggest unions were divided among themselves.

Mr. Len Murray, TUC general secretary, emphasised afterwards that it was not the firemen's case as such that caused the dissension, but a feeling that the TUC was not taking a tough enough line with the Government.

The council still believed the firemen should make their own decisions on a very good offer. Nor was it about making the firemen a special case. The Fire Brigades' Union had not asked for that.

Mr. Murray himself had at one point suggested "broadening out" the issue, perhaps with an approach by a number of general council members to the Government. But this suggestion had not been taken up.

"We spelt out that this 10 per cent. policy was dreamed up by the Government and that the Government should be prepared to allow relatively small variations in the figure."

In the course of the biggest demonstration seen outside the TUC headquarters for some time, Mr. Murray was splattered with an egg. Police had some difficulty holding back the lines of angry firemen.

Other general council members were given a noisy reception.

Trotskyists

Commenting on the scenes outside, Mr. Murray said a "lunatic fringe" of Trotskyists and others were attaching themselves to the FBU in a "parasitical way." Asked whom he meant, he said: "If you don't recognise them I do. The eggs carry the same brand mark."

Meanwhile 60 firemen at two stations, in Stevenage and Hertford, went back to work yesterday. There were no other reports of the strike weakening, but the union's executive is to meet a week to-day after its members have taken further soundings in their areas.

CBI on pay and prices, Page 7

Terry Kirk

Mr. Len Murray, TUC general secretary, is heckled by angry firemen as he arrives for a TUC meeting on the firemen's dispute.

Court clears way for pit incentives

BY CHRISTIAN TYLER, LABOUR EDITOR

AN ALREADY flagging Left-wing campaign to stop the spread of miners' bonus payments was set back even further yesterday, when a High Court judge decisively rejected a constitutional challenge to the National Union of Mineworkers.

The court's refusal to grant an injunction to the Yorkshire, South Wales and Kent areas of the union means that local incentive deals can go ahead. This in turn greatly improves the Government prospects of a peaceful conclusion to the forthcoming national wage negotiations between the NUM and the National Coal Board.

Only the South Wales area leaders showed any inclination yesterday to consider an appeal.

From Yorkshire, Mr. Arthur Scargill, area president, said he was astonished by the judgment. It had "tremendous repercussions" for all trade unionists since it meant that union executive committees could act outside their rule-books, he claimed.

"I believe this judgment should firmly convince any trade unionist that it is useless hoping for justice in the courts of this land."

Mr. Jack Dunn, Kent area secretary, admitted outside the court that incentive schemes would now spread throughout the country. Miners would not be able to resist the pressure when they saw big bonus payments in neighbouring areas.

Incentives were a political device for deflecting the fight on wages. Mr. Joe Gormley, union president and Mr. Lawrence Daly, national secretary, were, with Mr. Jack Jones of the Transport Workers, the "mothers of the social contract." Now Gormley, Daly and the Government were "off the hook."

There are already moves to ask the TUC to consider yesterday's judgment, along with those handed down by the High Court and Court of Appeal on an earlier unsuccessful application by the Kent area.

The judgment touched on the status of union conference decisions and of national ballots.

Mr. Justice Watkins yesterday ruled that the national ballot of miners in October which showed a 56 per cent. majority against a nationally-applied incentive scheme, was not binding on the union's executive. The executive subsequently voted 13/9 to let areas go ahead with the same scheme.

The tally of Yorkshire pits seeking incentives yesterday rose to 15—11 in the north and four in Mr. Scargill's stronghold around Barnsley. Coal Board officials are already assessing production targets for coalfaces in the event that the Yorkshire area council of the union acquiesces after a ballot of its 67,000 miners.

Judge's ruling, Page 9

Rescue plan for Fokker aircraft group

BY ADRIAN DICKS

BONN, Dec. 21.

THE WEST German Cabinet announced to-day a rescue programme worth up to DM540m. (£134m.) for Vereinigte Flugtechnische Werke/Fokker, the Dutch-German aerospace group whose recently cancelled VFW 614 short-haul jet airliner project has landed it in severe difficulties.

The decision to help was taken to preserve jobs—although at least 1,100 workers will become redundant as a condition of Government aid—and to prepare the way for a merger of VFW/Fokker with Messerschmitt-Boelkow-Blohm.

The two companies are already linked through the European Airbus programme and through extensive sub-contracting on other projects.

Talks between the VFW/Fokker top management and MBB are expected to begin early in the new year. They have been delayed until the VFW 614's future was decided and the terms of Government assistance made clear.

In a second decision, the West German Government reaffirmed its confidence in the European Airbus project, and released funds for the seventh batch of aircraft.

Under the terms of to-day's decision, VFW/Fokker is to benefit from the write-off of official guarantees worth DM290m. (£70m.) for the VFW 614 project, and to receive a cash injection of DM110m. Guarantees totalling DM150m. more will be available to the company to help it reorganise and re-equip.

Herr Martin Gruener, State Secretary at the Economics Ministry and official co-ordinator for aerospace, said the government wanted "urgent changes" in the top management of VFW/Fokker.

He stopped short of saying these were a condition of the rescue plan, and declined to specify whether he was referring to Mr. Gerrit Klapwijk, the Dutch executive chairman of the group, who has been heavily criticised by West German politicians and trade union leaders.

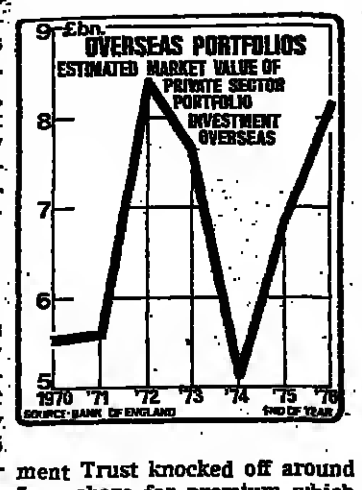
Privately, Herr Gruener and his Dutch opposite number are understood to have expressed confidence in Mr. Klapwijk and his team, but this has not prevented a law-suit being brought against them by the Social Democratic floor-leader in the Bremen Assembly for alleged misuse of federal and Bremen State Government loans.

Herr Gruener made it clear that the Government fully endorsed last week's decision by VFW/Fokker to cancel the VFW 614.

THE LEX COLUMN

Abolishing the surrender

Index rose 0.4 to 480.0



The gilt-edged market slipped back slightly yesterday, and there is some uncertainty about whether to-day's issue of the long tap will be oversubscribed. Even though it does not look immediately overattractive against the market, anyone who is bullish about gilts between now and February—when the final call is due—would be foolish not to take advantage of the partly paid feature of the new issue.

No surrender

After disappointing the City's hopes of investment currency relaxations in the October mini-budget, the Government caught it half on the hop yesterday by unexpectedly abolishing the 25 per cent. surrender rule—a restriction which the City has resented ever since it was introduced twelve and a half years ago. The immediate effect was for the premium to rise by 1½ points to an effective level of 40¼ per cent. The only casualties were shares like Consolidated Gold Fields—down 8p at 163p—which had previously had attractions as non-premium ways into the mining sector.

Immediately there was a lot of talk of the restoration of London's position as a major trading centre in kaffirs and other overseas securities. With the abolition of what amounted to a 7 per cent. tax on switching the more optimistic brokers are looking forward to a big increase in dealing activity by institutions.

It is unlikely, however, that dramatic changes will follow this relatively small step, which leaves the basic structure of the investment currency pool untouched. The disappearance of the private investor as a major force is likely to rule out any major expansion of the gold share market. For their part the large institutions are ready to deal in New York or wherever the market for overseas shares may be.

Apart from mines the sector most clearly affected is investment trusts where the premium content is around 9 per cent. on average, and according to Datastream ranges up to 25 per cent. for City and Foreign and 26 per cent. for Drayton Far East. There is an immediate improvement of 2 per cent. in the asset value of the average trust and there is an early bonus for the Coal Board pension fund whose formula bid for British Investment Trust knocked off around 5p a share for premium which will not now have to be surrendered.

The eventual likely impact of the new moves on the currency premium itself is far from clear. Theoretically, the extra demand for investment currency as investors increase their overseas holdings should push up the premium. Against this, however, existing U.K. holders of overseas securities—who have been inhibited from selling by the surrender rule—could start offloading shares. From January 1 onwards each disposal will yield a third more premium currency to be passed on to the next buyer. And the more liberal treatment of direct investment will reduce what has at times been a significant source of demand for investment currency.

Wilkinson Match

Shareholders in Wilkinson Match were told on Monday that Allegheny Ludlum Industries of Pittsburg did not intend to make a general offer for the rest of the Wilkinson shares, following its acquisition of a 29 per cent. stake from Swedish Match. They may now consider this assurance, although strictly true, to have been somewhat misleading after yesterday's disclosure that Allegheny would end up with over 50 per cent. control of Wilkinson after a proposed deal in which Wilkinson is to acquire Allegheny's garden tools subsidiary, True Temper.

Some Wilkinson shareholders may also feel unhappy that voting control of their company would move to Allegheny in the U.S. without there being any opportunity for them to re[ceive] the same price for their s[hares] as the 260p paid to Sw[edish] Match. But the deal has [the] blessing of the Takeover [Panel] and a full bid is not req[uired] on the grounds that Allegh[eny's] acquisition of the Sw[edish] Match stake was a separate matter from the Temper transaction.

However, in accordance [with] the Takeover Code, the Wi[lkin]son shareholders will hav[e the] opportunity to decide the m[atter] at an extraordinary meeti[ng in] February at which Alleg[heny] will not vote. Between now [and] then the Wilkinson Board [will] seek to put together a docu[ment] with convincing argument[s for] doing such a deal. So far [no] financial information has [been] revealed about True Temp[er or] the consideration which W[ilkin]son will be paying, alth[ough] 11m. shares, worth £23m. a[t the] current market price, wou[ld be] needed to increase Allegh[eny's] holding to between 52 an[d ...] per cent., as indicated.

What the latest anno[uncements] do highlight, howev[er, is] an important weakness in [Wil]kinson Match. As it stands Wilkinson's safety and pr[otec]tion products cannot compe[te in] the U.S., which possibly acc[ounts] for 60 per cent. of the w[orld] market.

Distillers

Distillers has reacted fie[rcely] to the adverse EEC ruling [on] dual pricing, and alth[ough] there may be an elemen[t of] bluff in its proposals—it [still] has the option of an ap[peal] which could maintain the st[atus] quo for a while longer—[the] company's drastic moves ma[ke a] good deal of sense.

Already Distillers has b[een] steadily relaxing its grip [on] the low-priced U.K. home m[ar]ket, with a market share d[own] from 50 per cent. to mayb[e a] third at present. This co[uld] now fall to a quarter or l[ess] centred upon Haig. The gr[oup] has much less to lose by s[acri]ficing the home market tha[n by] endangering its big inte[rna]tional brands, notably Joh[nnie] Walker, although there is [no] easy way out for DCL and uncertainties are continuin[g to] overshadow the share p[rice]. Meantime, however, it is [good] news for the home m[arket] specialists, whether the br[and]-owned brands like Teacher['s or] the independents like [...] whose shares put on a spurt last night.

Weather

U.K. TO-DAY

SUNNY spells, showers in places.

London, E., S.E., N.E. and Cent. England, E. Anglia, Midlands, Channel Is., Borders

Sunny spells. Showers. Wind S., moderate. Max. 12C (54F).

S.W. England, Wales, I. of Man, N. Ireland

Sunny spells, showers. Wind S., fresh or strong. Max. 13C (55F).

N.W. England, Lakes, S.W. Scotland, Glasgow, Argyll

Sunny spells, showers. Wind S.W., fresh or strong. Max. 11C (52F).

Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.W. Scotland

Cloudy, brighter later. Wind S.E., fresh or strong. Max. 10-11C (50-52F).

N.E. Scotland, Orkney, Shetland

Rain, brighter later. Wind S.W., strong or gale. Max. 10C (50F).

Outlook: Showers. Bright spells.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	S	1	34	Madrid	R	11	52
Athens	F	11	52	Manchstr.	S	5	41
Bahrain	S	24	75	Melbourne	C	19	66
Barcelona	R	15	59	Milan	Fg	0	32
Belfast	S	6	43	Montreal	Sn	−1	30
Belgrade	C	−5	23	Moscow	F	−5	23
Berlin	C	−3	27	Munich	S	−3	27
B'rmghm.	S	7	45	Newcastle	C	6	43
Bristol	C	7	45	New York	R	10	50
Brussels	S	1	34	Oslo	C	−2	28
Budapest	C	−4	25	Paris	C	2	36
Cairo	S	19	66	Perth	S	29	84
Cardiff	C	3	37	Prague	C	−3	27
Chicago	Sn	−3	27	Reykjavik	R	7	45
Cologne	F	4	39	Rio de J'o	S	30	86
Copenhgn.	C	6	43	Rome	S	10	50
Dublin	F	9	48	Singapore	R	25	77
Edinburgh	S	5	41	Stockholm	S	−3	27
Frankfurt	S	−2	28	Strasbrg.	C	−3	27
Geneva	C	−1	30	Sydney	C	25	77
Glasgow	S	5	41	Tehran	C	6	43
Helsinki	S	−8	18	Tel Aviv	S	16	61
H. Kong	S	22	72	Tokyo	C	9	48
Jo'burg	C	27	81	Toronto	C	−1	30
Lisbon	F	16	61	Vienna	C	−3	27
London	F	4	39	Warsaw	R	2	36
Luxembrg.	S	−4	25	Zurich	C	−4	25

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	11	52	Las Plms.	S	21	70
Biarritz	F	16	61	Locarno	F	3	37
Blackpool	S	5	41	Majorca	C	15	59
Bordeaux	R	10	50	Malaga	R	15	59
Boulogne	S	5	41	Malta	S	16	61
Casblnca.	C	17	63	Nairobi	R	18	64
Cape Tn.	C	25	77	Naples	S	11	52
Dubrovnik	S	13	55	Nice	F	10	50
Faro	F	18	64	Oporto	F	15	59
Funchal	R	19	66	Salzburg	C	−3	27
Gibraltar	R	15	59	Tangier	R	15	59
Guernsey	R	8	46	Tenerife	S	20	68
Innsbruck	S	3	37	Tunis	S	15	59
Inverness	Fg	−1	30	Valencia	F	12	54
Is. of Man	C	5	41	Venice	S	7	45
Jersey	R	8	46				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. D—Drizzle. Sn—Snow.

Japan expects to cut surplus as export expansion slows

BY CHARLES SMITH

TOKYO, Dec. 21.

JAPAN TO-DAY predicted officially that it would register a visible trade surplus of $13.5bn. (£7.5bn.) in the year from April 1978, and a $6bn. surplus on current account.

Both figures were below the surpluses expected in the current fiscal year — $16.5bn. on trade and $10bn. on current account. However, they are hardly likely to be greeted with enthusiasm by Japan's trading partners, notably the U.S. and the EEC, who have been demanding a move into balance on current account as soon as possible.

The estimates are linked to a forecast that the Japanese economy will grow in real terms during 1978 by 7 per cent. This is much more than is being predicted by most private Japanese agencies.

If the economy does grow less rapidly than the Government claims is likely, demand for imports should also be reduced and the surpluses on both visible trade and current account correspondingly increased.

The Government says that imports will grow by 13 per cent. during 1978, compared with the expected dollar-based figure of 8 per cent. for the current year. Exports, on the other hand, will slow from a 15 per cent. growth rate this year to 7 per cent. growth in 1979.

The slower growth of exports will produce a shrinkage in the trade surplus, but not a large one, because the base from which the export growth has to be measured is substantially larger than the imports base.

For the domestic economy in 1979, the Government is forecasting a 5 per cent. recovery in consumption and a 6 per cent. rise in private investment, both substantially higher figures than those favoured by private economic forecasters. Government expenditure and housing construction are expected to rise by 16 per cent. and 10 per cent. respectively, providing the main thrust behind domestic economic recovery.

The forecast for Government spending is linked directly to the Budget which is now being drafted. Housing construction depends partly on the amount of public financing available for State housing projects and partly on private spending which cannot be directly controlled, though it may be influenced by the Government.

Shortfalls on housing expenditure, as well as on private investment, accounted, in part, for the big discrepancy between the Japanese economy's 1977 performance, now officially expected to produce a 5.3 per cent. growth rate, and the original Government forecast of 6.7 per cent.

Apart from the domestic forecast and the overseas trade and current account surplus forecasts, the most notable feature of to-day's set of projections concerns the overall balance of payments, including capital flows. Japan expects a $1bn. deficit compared with the $5bn. surplus being forecast for the 1977 fiscal year. The deficit would be achieved, in part, by sharply expanding foreign aid.

Japan argued in trade talks with the U.S. last month that the overall balance should be the focus of discussion rather than the current account balance because the Government can act directly to influence the former whereas the balance on current account reflects factors outside official control.

Continued from Page 1

Surrender rule to end

Strictly speaking, the treaties call for total elimination of national controls in capital movements inside the EEC. But the Commission has authorised Britain and the two other recent entrants to keep their remaining controls temporarily and will re-examine them before the end of next year.

This concession reflects the recognition in Brussels that rash moves towards wholesale dismantlement of controls could adversely affect national payments flows. The Commission accepts Treasury arguments that the recent recovery in Britain's payments should not be jeopardised by excessive measures.

The other changes for the U.K. are:

1—Foreign currency loans taken out to purchase securities issued by EEC institutions such as the European Investment Bank may be repaid in currency bought at the official exchange rate over a five-year period. The precise repayment schedule will be laid down by the Bank of England.

2 — Personal allowances. Doubling of the amount which may be freely exported by U.K. residents emigrating to other EEC countries to £80,000. Doubling of the annual allowance for cash gifts to EEC recipients to *£3,000 per* donor and an increase in the amounts in any one year of wedding presents or dowries from parents to £7,500 from £3,600.

No estimates are available of the likely impact of the changes on Britain's payments Herr Hermann Wortmann, the Commission official who has been negotiating with the Treasury, said yesterday that they would result in "some loss of reserves." But these might be offset by inflows reflecting the international confidence generated.

An inflow of funds could result if U.K. holders of foreign securities decide to sell them and repatriate the proceeds on the more advantageous conditions that would soon be available. But other British investors may well seize the opportunity to diversify.

While the portfolio investment relaxations go further than recent reports *suggested*, the changes in direct investment rules are slightly less ambitious than some observers had expected.

The Commission's decisions in this respect are believed to have been influenced by evidence that a high proportion of British direct investment abroad goes into property rather than productive industry.

Stern told to repay £1.56m. to Keyser

By John Brennan, Property Correspondent

MR. WILLIAM STERN, whose property empire crashed in 1974 owing more than £100m., was yesterday ordered to repay £1.56m. to Keyser Ullmann, the merchant banking group.

In the High Court Mr. Justice Talbot rejected Mr. Stern's claim that he was not liable to repay the Keyser debt. Mr. Stern has been given a seven-day delay of execution of the judgment on condition that he deposits £25,000 with the court in part-payment of the debt.

Mr. Lionel Swift QC, for the bank, had asked for a £50,000 part-payment pending a possible appeal. But the court accepted the argument of Mr. Muir Hunter, QC, for Mr. Stern, who protested that "he must have time in which to rake a few shekels together."

Mr. Derek Wilde, Keyser's chairman, said yesterday that "as a large sum of money is involved we feel an obligation to shareholders to make absolutely sure that any money Mr. Stern has is made available to repay these loans."

Keyser is understood to have chosen to test in court the most legally watertight of some £20m. of outstanding loans to the bank that are personally guaranteed by Mr. Stern.

Mr. Stern claims that the Keyser debt was unenforceable against him because of the scheme of arrangement between the Stern companies and creditors agreed in the High Court in 1975.

This scheme centred on a three year moratorium on debts during which Mr. Kenneth Cork would attempt to liquidate the group companies.

Mr. Stern appeared as a prominent figure in Judge Fay's recent report on the £212m. losses of the Crown Agents. In that report Mr. Stern, whose companies owe the Agents more than £40m., was described as a "most favoured borrower." Mr. Stern was also noted for his "generous Christmas gifts" to Agency staff.

Registered at the Post Office. Printed by St. Clement's Press for and published by The Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.